



CENTRAL BANK OF
SOLOMON ISLANDS

QUARTERLY REVIEW March 2014

Vol. 27, No.1

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Quarterly Review March 2014

The Quarterly Review is prepared by the Economics Research and Statistics Department of the Central Bank of Solomon Islands and published four times a year. All enquiries pertaining to the Review should be addressed to:

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GENERAL NOTE

p provisional

e estimate

- nil

n.a. not available

(i) The sum of the components may differ from the totals in some instances due to rounding.

(ii) Data are subject to periodic revision as more updated information becomes available.

GLOSSARY

The following terminologies are defined in the context of Solomon Islands.

Balance of Payments (BoP): records all payments and receipts relating to the movement of funds between a country and foreign countries.

Bank Liquidity: Total amount of cash held by banks and not used for investment or other transactions.

Capital account: records international transactions relating to the flow of capital between a country and foreign countries, such as investment, loans etc.

Current account: records international transactions relating to the flow of goods, services, income and gifts. A surplus indicates higher inflows than outflows and a deficit indicates the opposite.

Domestic credit: value of loans and advances obtained from within the country.

Excess Liquidity: The liquidity that banks possess that is greater than the minimum prescribed by the Central Bank.

Exchange rate: the price of foreign currencies stated in terms of the local currency or the vice versa.

Exports: goods that a country sells abroad.

External reserves: stock of foreign currency assets of the Central Bank. These assets are earned through exports, foreign aid and loans obtained from institutions abroad.

Gross Domestic Product (GDP): Total value of all final goods and services produced in an economy during the course of a year.

Honiara Retail Price Index (HRPI): a consumer price index which shows the price level and changes in price level of goods and services in Honiara over time. This information forms the basis for calculating inflation in the economy.

Imports: goods that a country buys from abroad.

Liquidity Asset Requirement: Usually defined as a percentage of deposit liabilities of a commercial bank that shall be held as cash or as balance with the Central Bank.

Money Supply: the total quantity of money in a country's economy at a particular time.

Narrow money: notes and coins in the hands of the public plus money held on demand deposits at the Central Bank.

Net Credit to Government: value of borrowings by Government less its deposits at the banks and the Central Bank.

Private sector credit: value of borrowings by private companies and individuals within the country.

Quasi money: Total of time deposits and savings deposits.

Trade balance: the difference between merchandise exports (goods sold overseas) and merchandise imports (goods purchased from overseas).

Trade surplus/deficit: a trade surplus is when the value of exports is higher than the value of imports, whilst a trade deficit is when receipts from exports are less than payments for imports.

Chapter I. OVERVIEW AND ANALYSIS

Global economic conditions broadly strengthened in the first quarter of 2014 in line with what was forecasted in the October 2013 World Economic Outlook (WEO). According to its latest 2014 April WEO updates, the International Monetary Fund (IMF) projected global growth to increase by 3.6% in 2014, a fall of one basis point relative to its January WEO Update. This was buoyed largely by strong growth performances particularly in the advanced economies, although their recoveries remain uneven.

In the advanced economies, where much of the pickup came from, growth was forecasted to increase to 2.2% in 2014, up from 1.3% in 2013.

The recovery was strongest in the United States with growth forecasted to expand by 2.8% in 2014 from 1.9% in the last forecast. This stronger growth was largely driven by robust export growth and resilience in private demand. Slow fiscal consolidation, continued accommodative monetary conditions, a recovering real estate sector, higher household wealth and easier bank lending conditions also helped boosted growth.

Recovery strengthened but varied across the euro area this quarter witnessing stronger growth in the core but weaker in the periphery¹. On an annual basis, growth improved from a negative 0.5% in 2013 to 1.2% in 2014. Driving this upturn were higher exports, stable demand, and the extension of the recovery into the periphery countries. In the UK, the economy expanded by 2.9%, supported by a strong reduction in the pace of fiscal tightening. In Germany, growth picked up to 1.7% underpinned by supportive monetary conditions, robust labour market conditions, and increased domestic demand. Outside the core euro area, growth was modest as the periphery economies continued to grapple with high debt and financial fragmentation. Higher net exports as well as stable domestic demand contributed to the turnaround. In Japan, growth slowed to 1.4% from 1.5% in 2013 as tight fiscal policy stance measures continued to take effect.

Emerging market and developing economies continued to contribute more than two-thirds of global growth, though growth was notably slower this quarter in comparison with that in the advanced economies. Benefiting from higher growth in the advanced economies, growth in the emerging market and developing economies rose moderately to 4.9% in 2014, slightly up from 2013 growth of 4.7%. Nevertheless, the normalisation of monetary policy in the United States will mean tighter financial conditions for these economies, which in turn could potentially dampen growth. In China, growth remained unchanged at 7.5% in the first quarter of 2014, amidst intentions to implement financial and economic reforms towards a more balanced and sustainable growth path. In India, the economy expanded by 5.4% in the March quarter, on the back of higher export growth and stronger structural policies supporting investment.

Latest indicators for Australia and New Zealand, Solomon Islands other major trading partners, were firm in the first quarter of 2014. In Australia, the economy improved to 2.6% from 2.4% in 2013, amidst facing headwinds of the downturn in mining investment and planned fiscal consolidation². The pick-up was boosted by a surge in resource exports, better prospects in employment growth and stronger consumption growth despite weak growth in household income. The New Zealand economy maintained its growth momentum in March, expanding to 3.3% compared to 2.4% in 2013. Key drivers to this growth were expansionary monetary policy, high commodity prices, strong construction investment, particularly in Canterbury, strong consumer and business confidence, increase in private consumption, sustained fiscal consolidation and the rapid rise in net inward migration³. High exchange rates and inflationary pressures remain as risks to this economic expansion.

On the domestic economy, the production performance as reflected by the Central Bank of Solomon Islands (CBSI) production index weakened by 12% to 90 points in the first quarter from 102 points in the previous quarter. The fall was driven mainly by significant declines in fish catch, cocoa, and log productions during the quarter. Notably, cocoa output dropped by 32%, whilst fish catch and log output recorded declines of 18% each. Manufacturing activities also showed sluggish performances, with the CBSI manufacturing index declining by 14% in the first quarter, underpinned by noticeable contractions in tuna, biscuit, and soft drink productions.

Labour market conditions on the other hand, improved as indicated by the total employee contributors from the Solomon Islands National Provident Fund (SINPF), rising by 8% from 48,034 to 51,841 at the end of the quarter as well as year-on-year growth of 13%. Furthermore, total foreign direct investment applications also increased during the quarter to 48 applications from 43 applications in the previous quarter.

Headline inflation, as measured by the 3 months moving average (3mma), rose to 3.4% from 3.0% in December 2013. The increase was primarily driven by the domestic component which increased from 5.7% to 7.3% reflecting price rises in the drinks and tobacco, clothing and footwear, and the housing & utilities categories during the quarter. Overall, out of the 3.4% inflation recorded for March, food accounted for 1.4%, housing utilities explaining 0.8%, transport and communications at 0.5% whilst the remaining 0.9% was attributed to price increases in the drinks and tobacco, household operations, clothing and footwear, recreation, health and other services and the miscellaneous categories.

On the other hand, core inflation which excludes the costs

¹ Source: IMF World Economic Outlook, April 2014

² Source: <http://www.rba.gov.au/publications/smp/2014/may/html/dom-eco-2cond.html>—accessed on May 2014/22

³ Reserve Bank of New Zealand: Bulletin, Vol. 77, No. 1, March 2014

of volatile, price control, and excise items witnessed a slowdown in inflation averaging at 2.2% in the first quarter, down from an average of 2.9% in the previous quarter.

On the external side, the overall balance of payments recorded a smaller net surplus of \$77 million in the net current and capital accounts this quarter from a net surplus of \$82 million a quarter ago. This positive outcome reflected net surpluses in the goods and capital accounts as well as the primary and secondary income accounts. On the other hand, the financial account recorded a deficit of \$82 million due mainly to a significant increase in the financial liabilities relative to the reduction in financial assets. Accordingly, gross foreign reserves increased slightly to \$3,957 million at the end of the quarter, aided, in the main, by strong net transaction inflows during the quarter.

Total exports dropped by 14% over the quarter, largely attributed to the fall in round log exports by 15%, minerals by 5%, fish exports by 35%, and cocoa by 29% during the quarter. Imports declined by 11% owing largely to the fall across all major import categories with the exception of food and crude materials during the quarter.

Movements in key monetary aggregates slowed over the quarter with reserve money (M0) falling by 12% to \$1,785 million whilst narrow money (M1) decreased by 5% to \$2,554 million. As a result, broad money supply (M3) slowed from \$3,443 million to \$3,399 million for the first time since December 2012. The decline in M0 reflected falls in both the currency in circulation and the commercial banks' call deposits balances held with CBSI. Meanwhile, the fall in M1 came on the back of drops in currency in cir-

culation outside the depository corporation and transferable (demand) deposits of depository corporations.

In contrast, private sector credit expanded 2% to \$1,494 million at the end of the quarter reflecting increase in credit to individual residents and non-financial corporations. The volume of Bokolo bills issued stood at \$710 million at the end of March, up from \$640 million in December 2013. Benefiting from the increase in private sector credit, total liquidity in the banking system declined further by 2% following a 12% decline in the previous quarter.

The increase in the stock of Bokolo bills floated during the quarter also contributed to the fall. Consequently, excess liquidity also dropped by 5% to stand at \$919 million at the end of quarter.

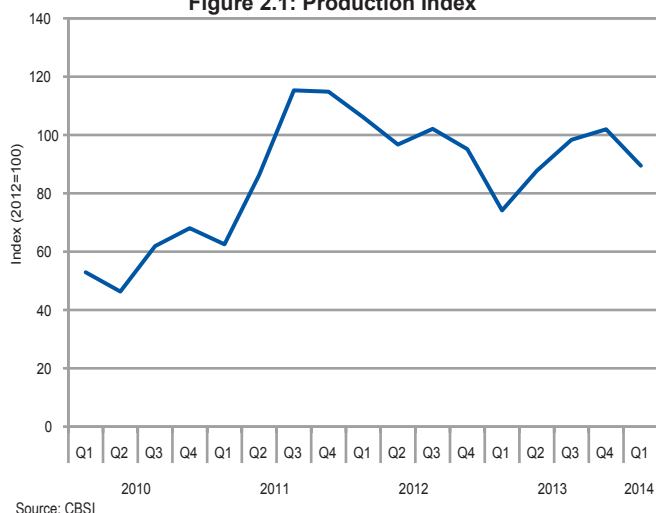
On fiscal performance, the Government recorded a net cash flow from operating activities (including net investment on non-financial assets) of \$26 million in the March quarter, reversing the revised \$113 million cash surplus in the previous quarter. Reflecting this negative outcome was a combined effect of a 28% drop in government expenditure relative to a 38% reduction in revenue. Driving the under-spend was a 32% reduction in the goods and services expenditures coupled with a 52% fall in other payments during the quarter. Underpinning the shortfall in government revenue were weak collections from both tax and non-tax revenue sources.

The Government's debt stock fell from \$948 million to \$938 million, accounting for 14% of GDP at the end of March. The fall in debt stock reflected the decline in both external and domestic debt stock during the quarter.

Chapter II. DOMESTIC ECONOMY

Domestic economic activities, measured by the CBSI production index⁴, slowed down in the first quarter of 2014 following a steady increase in the past three consecutive quarters. The index fell by 12% to 90 points from 102 points in the preceding quarter (see Figure 2.1). The sluggish growth was attributed to declines in three of the major export commodities, with cocoa plunging by 32% whilst fish and log production weakened by 18% each. Bad weather conditions, exacerbated further by frequent occurrence of low depression over the first three months of 2014, with subdued international prices drove down production in cocoa, fish and log during the quarter. Despite the fall, the index was comparatively higher when compared against the same period a year ago.

Figure 2.1: Production Index



Logs

Log exports, a proxy for production, declined following two quarters of positive movements in 2013. Log export volumes fell by 18% to 443,268 cubic meters from 540,976 cubic meters in the previous quarter. However, when compared against the same period a year ago, this output was slightly above by 1%. In terms of production by provinces, Isabel province accounted for largest proportion with 38%, overtaking Western province with 37%, followed by Makira 9%, Choiseul 7%, and the remaining 9% from other provinces (see Figure 2.2).

Average international log prices⁵, deteriorate further to register the lowest price in three years. The declining trend since 2011 reached US\$290 per cubic meter during the first quarter of 2014, 2% below final quarter of 2013 and 35% below peak price in mid-2011 (see Figure 2.3). The subsequent fall in international log prices was due to weakening Asian demand.

Figure 2.2: Log Export by Province

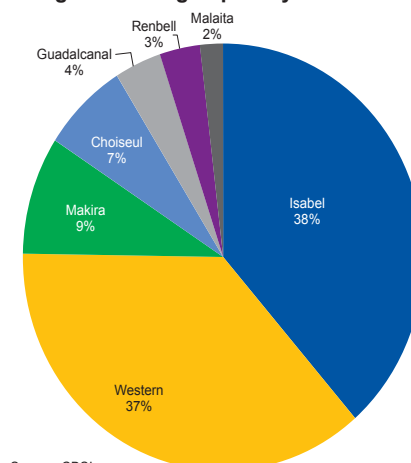
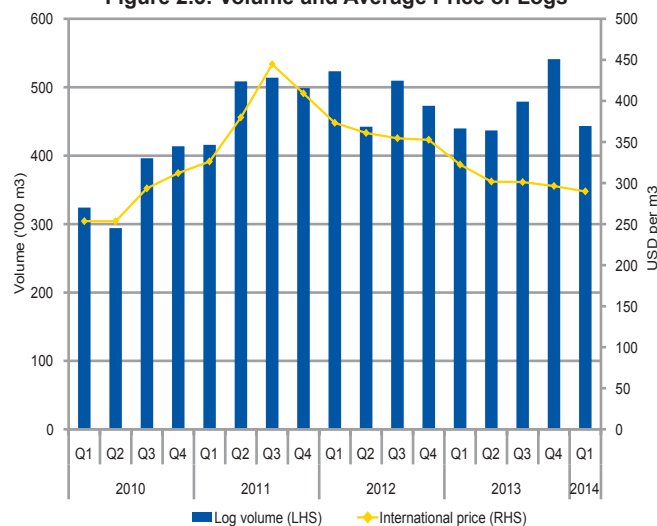


Figure 2.3: Volume and Average Price of Logs



Mineral

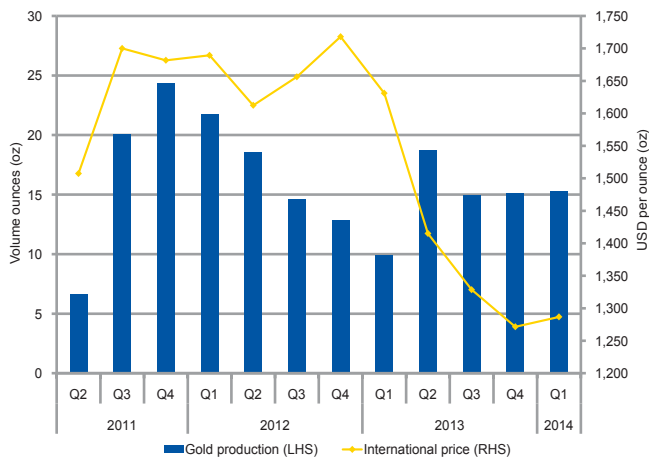
Gold production, proxied by gold exports rose slightly by 1% to 15,245 ounces (oz) from 15,086 ounces in the December quarter. When compared to same period last year, output has surpassed 2013 levels by over 50% (see Figure 2.4). Meanwhile, the average international price for gold remained at a subdued level despite a slight rebound of 1% to US\$1,287 per oz from US\$1,272 per oz in the previous quarter.

Silver production improved significantly by 53% to 7,978 oz following a decline of 8% to 5,228 ounces in the final quarter of 2013. On the downside, the average international price for silver further worsened by 2% to US\$20 per oz from US\$21 per oz. The sustained fall in international prices for gold and silver caused financial difficulties for Gold Ridge Mining Limited to meet its operational costs resulting in the company operating at huge loss.

⁴ Re-based to 2012

⁵ Source: World Bank, 2014

Figure 2.4: Volume and Average Price of Gold



Source: CBSI

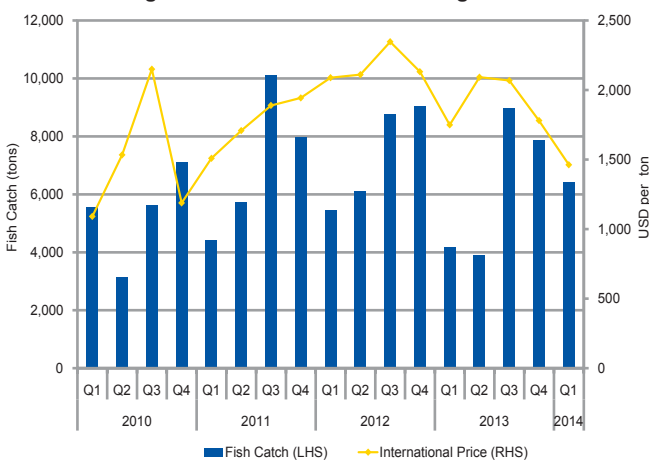
Fish

Fish catch declined by 18% to 6,416 tons from 7,854 tons in the previous quarter. The negative outturn was due to exceptionally low production in February and March as a result of the adverse weather conditions during the period. However, against same period in 2013, this output was significantly above by more than 50%.

Canned tuna production fell by 21% to 159,600 cartons from 202,283 cartons in the previous quarter owing to on-going factory maintenance during the quarter. Fish loin and fish meal also declined by 20% to 268,038 cartons and 29% to 13,540 cartons, respectively. This reflected sluggish demand from Europe and the United States, the main export destinations.

The average international price of fish weakened for the third consecutive quarter, as demand for raw material fish softened in the world market. Average fish price for the first quarter dipped by 18% against the previous quarter to US\$1,463 per ton⁶. This price level was the lowest since the recent peak in June 2013 (see Figure 2.5).

Figure 2.5: Fish Catch and Average Price



Source: CBSI

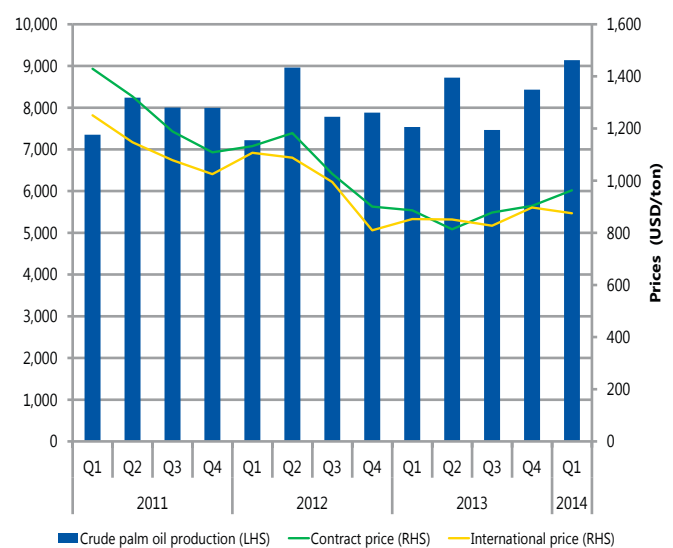
⁶ INFO Fish (2013)

Palm Oil

Harvested palm oil fruit bunches rose by 11% to a record high of 40,681 tons from 36,710 tons in the previous quarter. Reflecting this, production of palm oil started the year with high output, rising by 8% above the preceding quarter to 9,139 tons and 21% above the corresponding period in 2013.

Palm kernel oil and palm kernel mirrored the high performance this quarter, with kernel oil rising by 5% to 883 tons whilst palm kernel increased by 6% to 2,111 tons. Against the corresponding quarter a year ago, both palm kernel and kernel oil were above by 26% and 25%, respectively. Average contract prices for crude palm oil and palm kernel oil increased by 7% to US\$963 per ton and by 18% to US\$1,510 per ton, respectively (see Figure 2.6).

Figure 2.6: Palm Oil Production, International and Contract Prices



Source: CBSI

Cocoa

Cocoa production plunged for the second successive quarter by 32% to 595 tons, following a fall of 42% in the previous quarter. This output level was also 21% below the same quarter a year ago and the lowest in six years. This was a direct result of bad weather conditions experienced in the first three months of 2014.

Production by province showed that Guadalcanal province still maintained the largest share of cocoa production with 418 tons (70%), followed by Malaita with 103 tons (17%), Makira with 62 tons (10%) and Central with 11 tons (2%). In terms of prices, the average contracted export prices strengthened further by 6% to GBP1,525 per ton from GBP1,444 per ton in the final quarter of 2013. As a result, domestic prices received by local farmers rose by 8% to \$15.00 per kilogram as compared to \$13.50 per kilogram in December quarter.

Copra

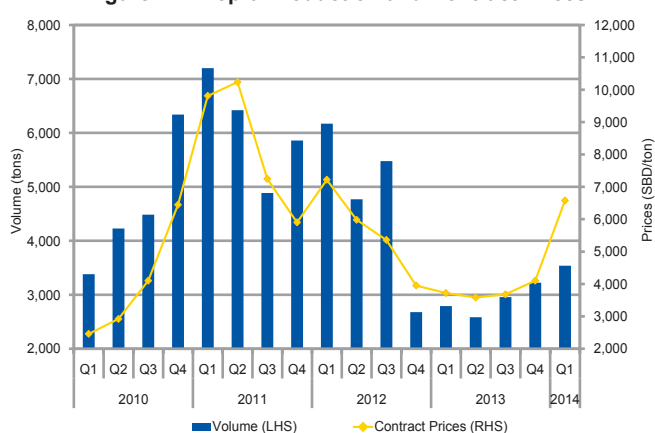
Copra output improved further, increasing by 13% above the previous quarter to 4,562 tons. Similarly, against the

same quarter a year ago, this production level was 38% higher. (Reference 2.7)

In terms of production by province, Guadalcanal province accounted for the largest share with 1,714 tons (38%), followed by Central province with 900 tons (20%), Western province with 803 tons (18%), Malaita province produced 548 tons (12%), whilst the other provinces accounted for the remaining 12%.

Contract prices received by local exporters surged this quarter by 46% to US\$650 per ton compared to US\$447 per ton, reaching highest record for the past two years. As a result, domestic prices recovered by 45%, a significant increase from \$2.85 per kilogram in the previous quarter to \$4.00 per kilogram.

Figure 2.7: Copra Production and Contract Prices



Source: CBSI & CEMA

Employment

The number of Solomon Island National Provident Fund (SINPF) contributors, as a partial indicator for labour market conditions, showed an increase in the first quarter of 2014. The average number of contributors for the period rose by 8% to 51,841 from 48,034 in the previous quarter. Furthermore, this also reflected a 13% year-on-year growth on employment. Disaggregating the average total contributors to the SINPF, the active contributors recorded an increase of 4% to 42,360 from 40,673 in the final quarter of 2013. This was 22% above the same quarter a year ago.

Meanwhile, the CBSI job vacancy advertisement survey showed an increase in the number of advertised jobs by more than 50% to 583 vacancies from 372 vacancies in the final quarter of 2013. In terms of vacancies by sector, the education sector still dominated with 175 vacancies (30%), followed by public administration which accounted for 101 vacancies (17%), non-governmental agencies with 53 vacancies (9%) and administrative support services with 48 vacancies (8%). The remaining sectors contributed a total of 206 vacancies (35%).

Energy

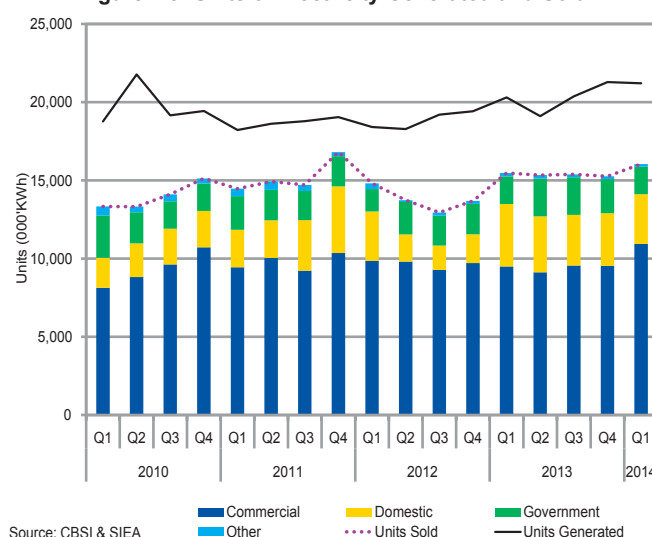
The Solomon Islands Electricity Authority (SIEA) gener-

ated 21,208 Megawatt per hour (MWh) in the first quarter of 2014, falling slightly by 0.4% against the previous quarter. Despite the fall, output was 4% above the same quarter a year ago.

Units of electricity sold improved further by 5% against the preceding quarter to 16,047 MWh and up by 4% year-on-year. This level of sales was the highest since the final quarter of 2011 reflecting increasing demand for electricity. Sales to commercial clients increased by 15% to 10,943 MWh after remaining unchanged in the previous quarter. Meanwhile, sales to Government, domestic, and others declined with a 19% fall to Government at 1,758 MWh, whilst domestic and other both decreased by 6% to 3,174 MWh and 172 MWh, respectively (see Figure 2.8).

Unsold units declined significantly by 14% to 5,160 MWh from 6,026 MWh in the final quarter a year ago. As a result, the ratio of unsold units to generated units declined from 28% in the previous quarter to 24% in this quarter, indicating improved efficiencies in the sales department.

Figure 2.8: Units of Electricity Generated and Sold



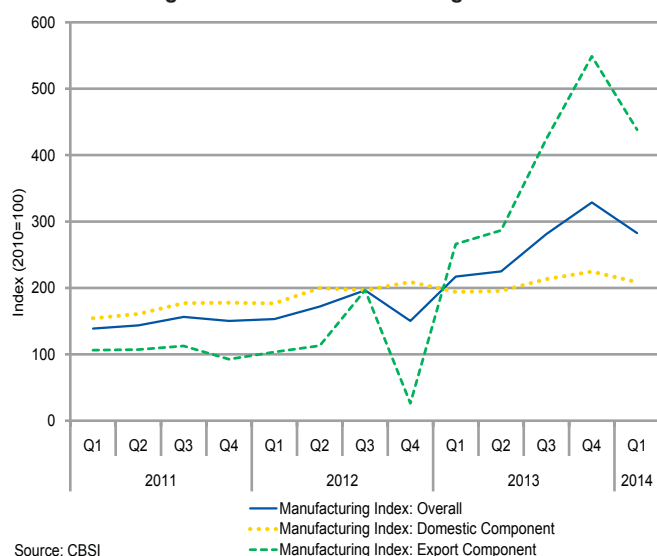
Source: CBSI & SIEA

Manufacturing

Manufacturing activities, as measured by the CBSI manufacturing index⁷, slipped by 14% to 283 points. This was driven by large falls in processed canned tuna destined for both domestic and export markets, combined with sizeable declines from biscuit, soft drinks and beer, all of which outweighed the large increase in tobacco over the quarter. Exportable manufactured products dropped by 20% to 438 points. Similarly, the index for domestic market retreated by 7% to 209 points from 225 points, due to declines in canned tuna production by 21%, soft-drinks by 9%, and biscuits by 15%. Despite the fall, the overall manufacturing index was 30% higher against the same period last year. (Reference 2.9)

⁷ CBSI Manufacturing index represents both domestic and exported goods.

Figure 2.9: CBSI Manufacturing Index



Building Permits

Approved building permits issued by the Honiara City Council (HCC) fell significantly by 39% to 31 permits in March quarter. Of the total number issued, 13 permits were for residential homes, 11 permits for commercial buildings, and 7 permits for other categories. In terms of total value of permits, first quarter recorded \$25 million, 52% below previous quarter. On the upside, in contrast to same period in 2013, total approved permits and total value surpassed previous year by 35% and 62%, respectively.

Visitors Arrival

Visitor arrivals, as measured by air travelers fell by 21% against the previous quarter to 4,754 arrivals. Australian visitors dominated with 2,088 visitors (44%), followed by other Asia, accounting for 689 visitors (14%), Papua New Guinea (PNG) with 383 visitors (8%), Fiji with 351 visitors (7%), New Zealand with 277 visitors (6%) and USA accounts for 231 visitors (5%). The other countries accounted for the remaining 15%.

Foreign Investment

A total of 48 foreign direct investment applications were approved in the first quarter compared to 43 applications in the previous quarter. In terms of applications by sector, other services⁸ accounted for the majority with 14 applications, followed by wholesale and retail with 13 applications, forestry with 9 applications, transport receiving 5 applications, fisheries with 2 applications, whilst mining, tourism, construction, consultancy and electrical all received 1 application.

Most applicants indicated that they will operate in several provinces. Distribution by province⁹ showed that 43 applications registered to operate in Honiara, 21 applica-

tions for Guadalcanal, and 18 applications for Western province. Central, Makira, and Temotu provinces each accounted for 13 applications and the remaining provinces accounted for 12 applications each. Meanwhile, the total value of the first quarter investment applications was 33% above the previous quarter.

Inflation & Honiara Fuel Prices

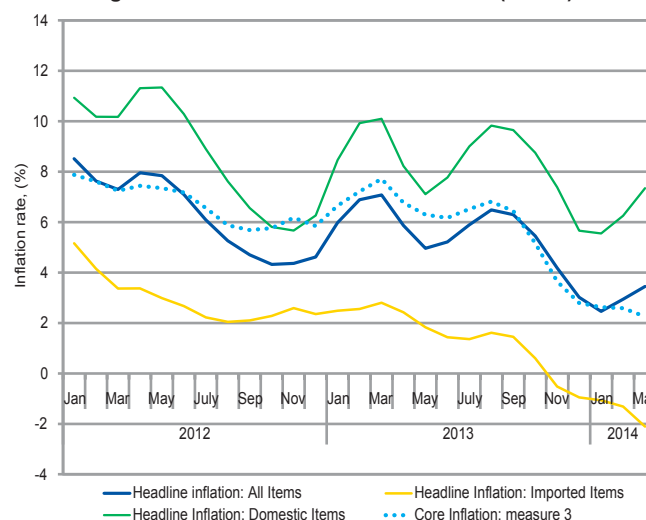
Headline inflation, defined by a 3 month moving average (3mma), rose to 3.4% in March from 3% in December 2013. The increase was driven mainly by domestic inflation, which increased from 5.7% to 7.3%.

The increase in the index for domestic goods was fuelled by a hike in drinks and tobacco rising from 12.4% to 41.4%, clothing and footwear from 4.7% to 11.3%, housing utilities from 10% to 11.5%, and recreation services rising from minus 4.9% to 3.9% over the quarter. Meanwhile, imported inflation remained subdued at minus 2.1% over the quarter compared to minus 0.9% in December quarter, reflecting falling international imported prices.

Despite rising headline inflation, the underlying or core inflation¹⁰ eased from 2.9% at the end of December to 2.3% by the end of March 2014 (see Figure 2.10).

The difference between headline inflation rate and core inflation stood at 1.4%, indicating that most items in the inflation basket are stable during the quarter.

Figure 2.10: Headline and Core Inflation (3mma)



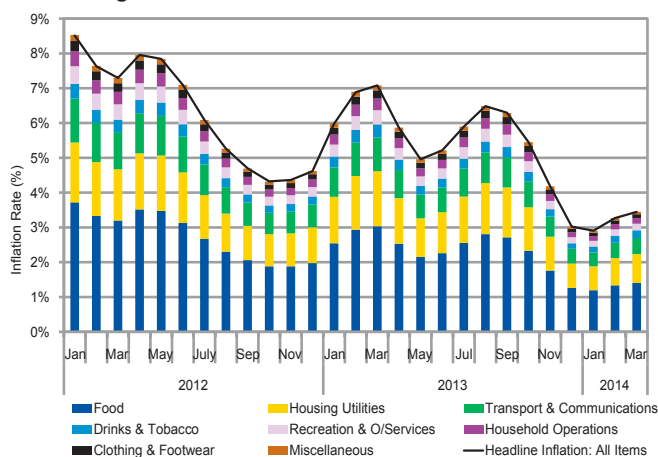
Of the overall inflation rate of 3.4% for March, food inflation accounted for 1.4%, housing utilities contributed 0.8%, transport and communications explained 0.5%, drinks and tobacco, household operations, and recreation services each contributed 0.2%, whilst clothing and footwear and miscellaneous items both accounted for 0.1% each (see Figure 2.11).

⁸ This includes, real estate property developments, healthcare, financial services, education services and information.

⁹ Foreign investors indicated in their applications that they will operate in more than one province. Therefore, the provincial distribution will be greater than the 48 foreign investments applications that were recorded in the quarter.

¹⁰ All CPI excluding volatile, price control and excise items (alcohol and tobacco)

Figure 2.11: Contributions to Headline Inflation



Source: CBSI & NSO

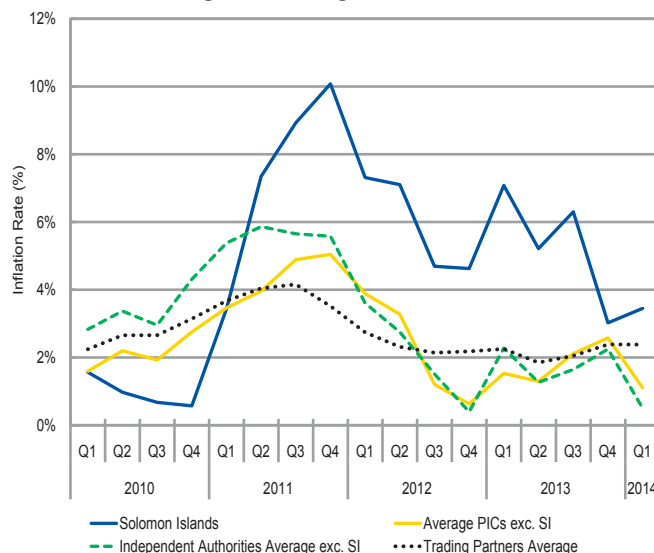
Honiara retail fuel prices slightly increased by 1.4% to an average of \$11.49 per litre from \$11.34 per litre in December quarter. This was due to an uptick in all categories except for diesel. Kerosene prices went up by 43 cents to \$12.23 per litre, followed by premix increasing by 13 cents to \$12.24 cents and petrol going up with 12 cents to reach \$10.91 per litre. Meanwhile, diesel price slightly dropped by 9 cents to \$11.34 per litre. In contrast, these average fuel prices were 1.2% below the same period a year ago.

Regional Inflation

Comparing headline inflation across the Pacific region, inflation in the Solomon Islands remained above the Pa-

cific Island average¹¹ of 1.1% by March 2014 as well as exceeding the average inflation rate of 0.5% in Pacific Island countries that are specifically governed by independent monetary authorities¹² (see Figure 2.12). Moreover, Solomon Islands' inflation also experienced growth in prices significantly above that of its major trading partners¹³, which stood 2.4% over the same period.

Figure 2.12: Regional Inflation



Source: CBSI & IMF

¹¹ Estimates exclude Solomon Islands and utilises all available data at the time of print. The average for March 2014 excludes Papua New Guinea, Tuvalu, Kiribati, Marshall Islands and Micronesia.

¹² Includes Fiji, Papua New Guinea, Samoa, Solomon Islands, Tonga and Vanuatu.

¹³ Includes Australia, China, Singapore, Malaysia, Thailand, New Zealand, Japan, UK and Philippines.

Chapter III. BALANCE OF PAYMENTS

The Solomon Islands external position continued to improve in the first quarter of 2014 as gross foreign reserves increased by a further 1% to \$3,957 million. This positive performance resulted from a net transaction inflows of \$95 million although offset by some revaluation losses during the quarter. This level of reserves was sufficient to cover 12.4 months of imports of goods and services.

**Table 2.1: Balance of Payments Statistics
Summary in SBD millions**

	Q313 [r]	Q413 [r]	Q114 [p]
1. Net Current and Capital Accounts/*1	(112)	82	77
1.1 Current Account	248	(49)	(21)
Trade in Goods (net)	(41)	35	4
Exports f.o.b.	816	891	766
Imports f.o.b.	857	856	762
Trade in Services (net)	(231)	(258)	(187)
Primary Income (net)	(63)	48	49
Secondary Income (net)	87	127	113
1.2 Capital Account	137	131	98
2. Net Financial Account/*1	(192)	(6)	(82)
3. Net errors and omissions	(81)	(88)	(159)
Gross foreign reserves (position at end)	3,781	3,909	3,957

Note: *1/ Net lending or surplus (+)/Net borrowing or deficit (-) [r] revised estimate [p] provisional estimate
Source: CBSI

The balance of payments (BoP) position during the quarter posted a surplus of \$77 million in the net 'current and capital account'. This indicates higher inflows than outflows in the current and capital account, which attributed to growth in gross foreign reserves during the quarter. However, in the contra side, the net financial account showed a deficit of \$82 million due to significant increase in financial liabilities and smaller reduction in financial assets.

Current Account

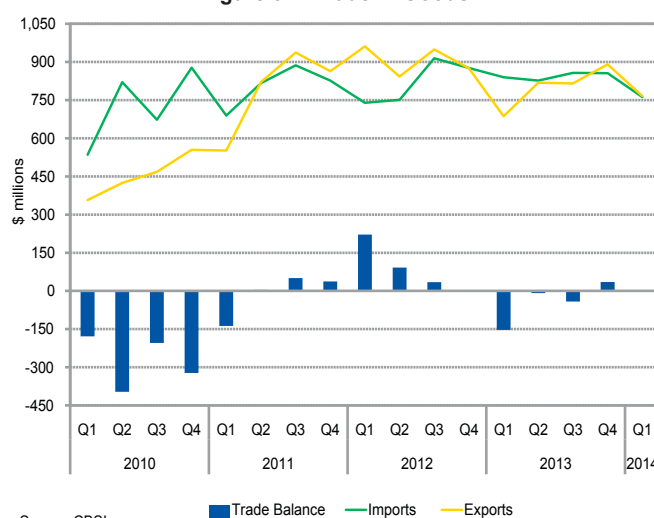
The current account during the quarter narrowed to \$21 million deficit from \$49 million deficit. This was mainly due to trade deficit in services, which narrowed by 28% to \$187 million, and outweighing the surpluses in the trade in goods, primary, and secondary income accounts.

Trade in goods

The trade balance in goods recorded a surplus of \$4 million during the quarter, lower than the \$35 million surplus in the previous quarter. This was driven by the fall in total exports by 14% to \$766 million against the 11% decline in total imports (f.o.b) to \$762 million during the period. (see

Figure 3.1)

Figure 3.1: Trade in Goods



Source: CBSI

The fall in exports was due to a combined effect of lower exports volume and weakened commodity prices in international markets during the quarter. Round log exports fell by 15% to \$369 million, minerals dropped by 5% to \$145 million, fish exports by 35% to \$106 million and cocoa by 29% to \$11 million. Re-exports and other exports also fell by 26% to \$8 million and 29% to \$6 million, respectively. Meanwhile, exports of palm oil and kernels increased by 10% to \$62 million and copra and coconut oil by 49% to \$26 million attributed to favourable commodity prices and higher volume exported. Timber exports remained at \$22 million.

The fall in imports during the quarter came mainly from the decline across all major import categories with the exception of food and crude materials. Machinery and transport equipment fell by 11% to \$227 million, mineral fuels lowered by 25% to \$154 million, basic manufactures by 20% to \$122 million, chemicals by 10% to \$53 million, beverages and tobacco by 5% to \$17 million and miscellaneous items by 15% to \$57 million. Meanwhile, food imports increased by 10% to \$196 million and crude materials grew by 26% to \$13 million during the quarter.

Trade in Services

The services account recorded a deficit of \$187 million during the quarter, narrowing from \$258 million deficit in the previous quarter. The smaller deficit was a result of travel services having witnessed a surplus and at the same time a declining deficit in transport services and all other services.

Travel services improved to a surplus of \$7 million from a \$2 million deficit in the previous quarter. This was a result of a larger fall in travel payments relative to the fall in travel receipts during the quarter. Meanwhile, the re-

duced deficit in transport services from \$50 million to \$48 million was driven by fall in freight payments for imports of goods. Similarly, the deficit in all other services lessened from \$205 million to \$146 million due to fall in payments for business and government services during the quarter.

Primary Income Account

The primary income account posted a \$49 million surplus during the quarter, slightly higher than the \$48 million surplus in the previous quarter. This was driven by increasing net inflow in investment income from \$7 million to \$28 million and reduced net outflow in compensation of employees from \$12 million to \$8 million. The increased inflow in investment income was attributed to high re-invested earning inflows combined with the fall in dividend payments and external loan interest repayments. Meanwhile, the inflow in other primary income, which represents fishing licensing fell from \$53 million to \$29 million.

Secondary Income Account

The surplus in the secondary income account (current transfers) fell to \$113 million from \$127 million registered in the previous quarter. This resulted from the general government flows remaining unchanged at \$164 million surplus while the deficit in private sector increased by 39% to \$51 million. The unchanged movement in the general government came from the increase in donor cash grants by 37% to \$61 million, which was equally offset by the fall in technical assistance income and aid-in-kind by donors by 11% to \$90 million and 23% to \$14 million, respectively. On the other hand, the increased deficit in private sector transfers attributed to the increased payments in workers' remittances and declining receipts of local churches.

Capital Account

The surplus in the capital account dropped from \$130 million to \$98 million during the quarter, the lowest level witnessed since the beginning of 2011. This reflected a slow-down in donor inflows for capital projects.

Financial Account

The financial account recorded a net borrowing (deficit) of \$82 million during the quarter widening from the net borrowing of \$6 million in the previous quarter. This was attributed to the financial liabilities which more than double from \$70 million to \$114 million while financial assets fell from \$64 million to \$62 million.

The fall in financial assets was largely due to reserve assets, which fell by two fold from \$148 million to \$95 million. The drop in exports and investment income abroad contributed to this fall. Direct investment reduced from \$13 million to \$9 million while other investments fell from \$66 million to \$23 million.

The rise in financial liabilities was mainly driven by FDI, which rose from \$104 million to \$167 million. This was

largely due to higher intercompany debts obtained from parent company abroad. Other investment liabilities continued the trend of reduction to another \$23 million during the quarter explained by the repayments of principle external loans by the Government and private sector during the quarter.

The International Investment Position

The net international investment position (IIP) registered \$2,192 million deficit at the end of the first quarter, widening by \$135 million from \$2,057 million deficit at the end of the previous quarter. This was due to a large increase in stock of financial liabilities by \$147 million to \$7,014 million compared to an increase in financial assets by \$12 million to \$4,822 million. Relating the IIP to the financial account, the \$135 million movement in the net IIP consisted of \$82 million deficit reflected in the financial account and \$53 million losses in other changes.

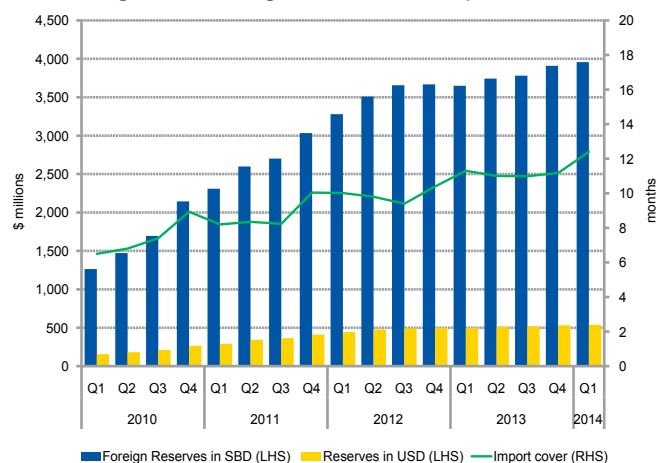
The minimal rise in the stock of financial assets was mainly driven by stock of reserve assets which increased to \$3,957 million from \$3,909 million. Meanwhile, stock of direct investment assets fell from \$348 million to \$339 million, portfolio investment assets from \$114 million to \$113 million, and other investment assets from \$440 million to \$412 million.

The increase in the stock of financial liabilities came from stock of FDI, which increased to \$5,743 million from \$5,582 million and stock on other investment assets to \$1,271 million from \$1,286 million. These reflect the movements in their corresponding accounts under the financial account.

Gross foreign reserves

The gross foreign reserves rose marginally by 1% to \$3,957 million at the end of the quarter. This was driven by net transaction inflow of \$95 million largely from donor cash grants. However, there were revaluation losses of \$47 million during the quarter. The level of gross foreign reserves at the end of the quarter was equivalent to 12.4 months of imports of goods and services. (see Figure 3.2)

Figure 3.2: Foreign Reserves and Import Cover

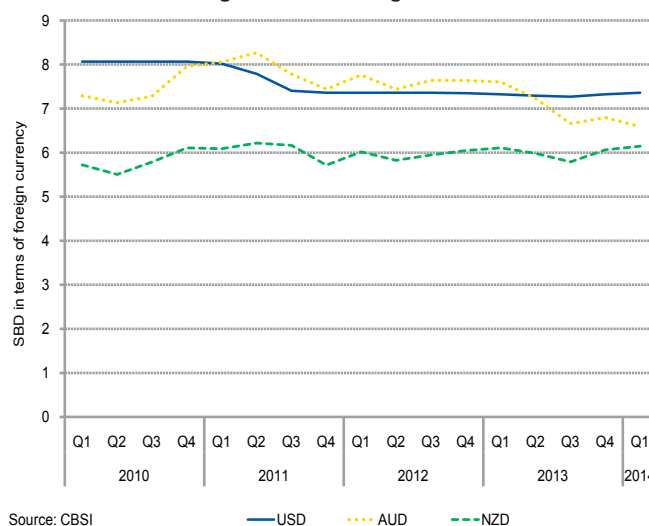


Source: CBSI

Exchange rates

The Solomon Islands dollar (SBD) depreciated by 0.4% against the United States dollar to \$7.36 per USD compared to the average of the previous quarter. Against the Australian dollar, however, the SBD appreciated by 3.1% to \$6.59 per AUD and by 2.1% against the Japanese yen to \$7.16 per 100JPY. Meanwhile, the SBD depreciated against the British pound by 2.6% to \$12.16 per GBP, against the Euro by 1.3% to \$10.09 per EUR, and against the New Zealand dollar by 1.4% to \$6.15 per NZD. (see Figure 3.3)

Figure 3.3: Exchange Rate



Chapter IV. MONEY AND BANKING

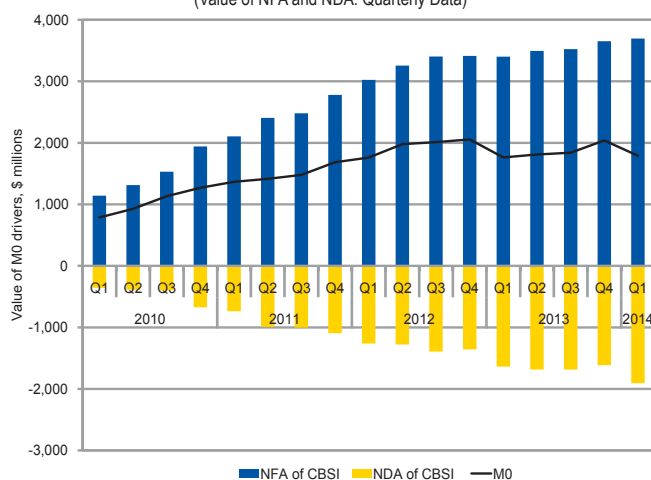
Monetary aggregates at the end of March 2014 witnessed broad-based declines. Falls in currency in circulation and other depository corporations' (ODCs) deposits held at CBSI resulted in a 12% decrease in reserve money (M0) over the period. Likewise, narrow money (M1) also declined by 5%, which led to the fall in total money supply (M3) for the first time since December 2012. Total liquidity in the banking system keep on falling this quarter, resulting in excess liquidity dropping to \$919 million. Meanwhile, private sector credit (PSC) growth increased further but much slower than the previous quarter. The growth in PSC originated from overdrafts and to a lesser extent, an increase in loans. Commercial Banks' interest rate margin contracted further over the period on an account of falling deposit and lending rates.

Reserve Money

Reserve money (M0) declined by 12% to \$1,785 million at the end of the first quarter 2014, following an 11% rise in the final quarter of 2013. The decline was mainly due to the fall in both currency in circulation and the commercial banks' call deposits balances held with CBSI, falling by 15% to \$513 million and 11% to \$1,263 million, respectively.

The decline in M0 was also attributed to the slower growth in CBSI's net foreign assets (NFA) by 2% to \$3,696 million mainly driven by lower donor inflows. The net domestic assets (NDA) of CBSI on the other hand, increased by 20% to reach \$1,906 million¹⁴. This owed to the increase in net domestic credit that resulted from a rise in the claims of central government through the persistent build-up of government deposits with CBSI. Growth in NDA was also supported, to a lesser extent, by the increase in commercial banks holdings of CBSI Bokolo bills during the first quarter. Despite the quarterly decline in M0, year-on-year growth saw M0 increase by 1% (see Figure 4.1).

Figure 4.1: Drivers of Reserve Money
(Value of NFA and NDA: Quarterly Data)



¹⁴ Net Domestic Asset (NDA) is computed as domestic assets minus domestic liabilities. Hence, negative NDA implies domestic assets are less than domestic liabilities

Narrow Money

Narrow money (M1), which includes currency in circulation outside of the depository corporations as well as transferable (demand) deposits with depository corporations, decreased by 5% to \$2,554 million this quarter compared to 6% growth witnessed in the last quarter. Driving the fall were reductions in both currency in circulation and transferable deposits, falling by 14% to \$457 million and 3% to \$2,097 million, respectively.

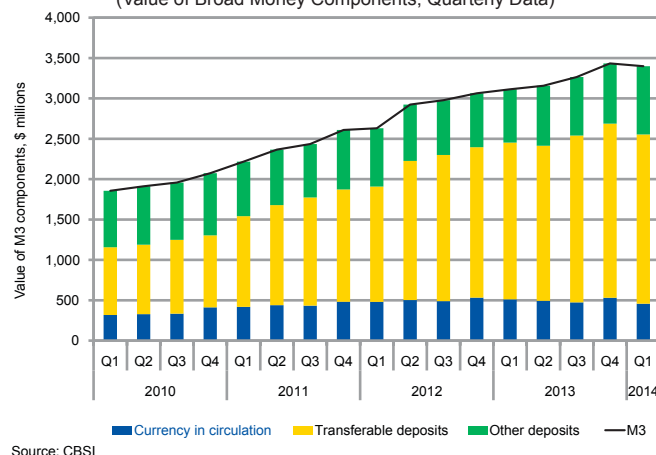
The decline in transferable deposits was caused by the fall in the transferable deposits of other non-financial corporations by 7% to \$1,152 million, other financial corporations, which declined by 41% to \$112 million and state and local government by 33% to \$21 million. However, year-on-year growth in M1 remained positive, growing by 4% against the same period last year.

Broad Money

Broad money (M3), which is the measure of the total money supply in the banking system, declined by 1% to \$3,399 million at the end of March 2014, from the 5% growth witnessed in the previous quarter (see Figure 4.2). The fall was attributed to the decline in M1 despite the rise in other deposits (savings and time) by 13% to \$845 million at the end of the quarter. In spite of weaker quarter-on-quarter growth, year-on-year growth remained robust with M3 increasing by 9% against same period last year.

The decline in M3 was also due to the increase in the NDA of the banking system associated with sustained growth in Government deposits together with the rise in the capital accounts. NDA rose by 46% to \$441 million, which outpaced the marginal growth in the NFA of the banking system, which grew by 2% (\$93 million) during the period.

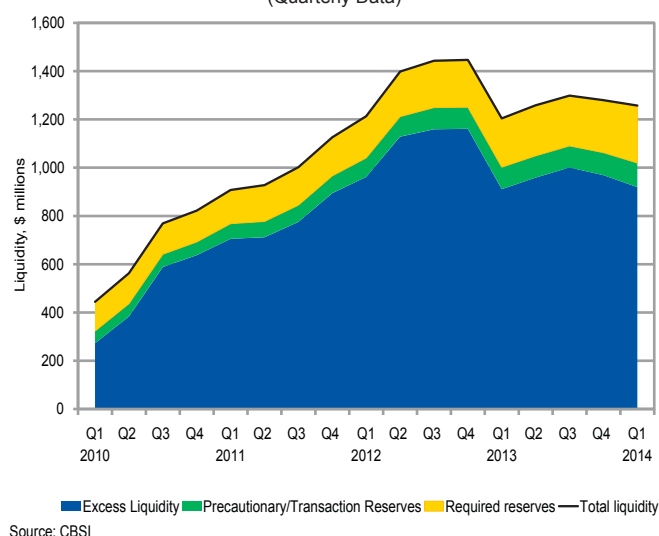
Figure 4.2: Components of Broad Money
(Value of Broad Money Components; Quarterly Data)



Liquidity

As reflected in the fall in reserve money, total liquidity in the banking system declined by 2% to \$1,257 million this quarter, following a 1% decline in the previous quarter. This caused excess liquidity, which is the liquidity after taking account of the 7.5% reserve requirement and precautionary reserves, to reduce by 5% to \$919 million. Contributing to the fall in total liquidity was also the increase in PSC and the Bokolo bills balances held by commercial banks, which accounted for 57% of the total liquidity at the end of this period. However, total liquidity grew by 4% against same period of the preceding year (see Figure 4.3).

Figure 4.3: Commercial Bank Liquidity
(Quarterly Data)



Domestic Credit

Total net domestic credit (NDC) of the banking system at the end of the March quarter declined by 5% to \$152 million, from a significant rise of 18% observed in the previous quarter. The fall was due to the accumulation of deposits by the Central Government, which increased the net liabilities of the Banks to the Government to \$1,372 million.

Meanwhile, private sector credit (PSC) of the banking system increased further albeit at a slower rate of 2% to \$1,494 million, following a 3% rise witnessed in the previous quarter. Growth in PSC was driven by rise in credit allocated to individual residents, which grew by 3% as well as credit to other non-financial corporations that increased marginally by 2%. By the end of March 2014, the total outstanding credit issued by the ODCs accounted for \$1,487 million, a rise of \$30 million from the previous quarter. The largest recipients of credit were personal, distribution, construction and communications sectors accounting for 34%, 16%, 11% and 9% of the total ODCs' credit allocation, respectively.

The key driving sectors behind the quarter-on-quarter increase in credit from the ODCs were professional and other services, which moved up to \$97 million from \$67

million, personal up to \$497 million from \$472 million and distribution, which went up to \$235 million from \$212 million. (see Table 4.1)

Table 4.1 Credit lending by all sectors

SBD millions	2013		2014	Percentage change	
Sectors	Q3	Q4	Q1	B/C	A/B
Personal	434.5	471.9	496.8	9%	5%
Construction	185.0	181.9	159.0	-2%	13%
Distribution	210.8	211.9	235.0	0%	11%
Communications	148.9	139.6	137.8	-6%	-1%
Discount Acceptances	5.8	3.6	2.3	-37%	-38%
Tourism	96.8	103.4	102.1	7%	-1%
Prof. & Other Services	70.5	67.1	97.3	-5%	45%
Transport	62.2	72.3	68.2	16%	-6%
Manufacturing	52.5	54.1	53.3	3%	-1%
Forestry	41.9	39.9	25.3	-5%	-36%
Fisheries	0.0	3.0	2.5	0%	-14%
Mining & Quarrying	0.2	0.1	2.2	-35%	1948%
Agriculture	39.7	41.7	43.1	5%	3%
Private Financial Institutions	0.1	4.7	0.1	5215%	-98%
Statutory Corporations	36.7	32.3	32.3	-12%	0%
Others	0.1	12.3	12.1	21544%	-1%
Total	1405.7	1439.6	1469.3		

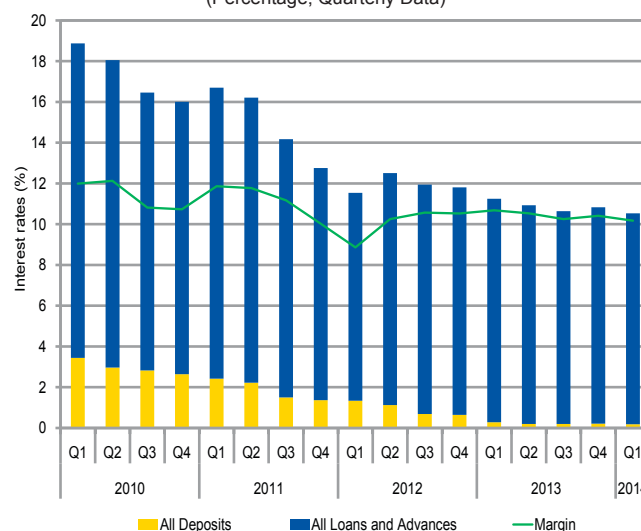
ODCs includes the commercial banks and Credit Corporation of Solomon Islands

The credit growth was represented mainly by increases in overdrafts, which grew by 18% to \$162 million from \$137 million. Loans rose marginally by 1% to \$1,300 million from \$1,293 million. However, lease financing and trade bills on the hand, narrowed down from \$6 million to \$5 million and \$4 million to \$2 million, respectively.

Interest Rates

The indicative weighted average interest rate margin narrowed from 10.4% a quarter ago to 10.2% this quarter.

Figure 4.4: Interest Rate Developments
(Percentage; Quarterly Data)



ter. This was attributed to a much faster fall in lending rates compared to deposit rates during the period. The indicative weighted average interest rate for all deposits awarded by the ODCs declined to 0.18% from 0.21% in the previous quarter coming from the drop in the time deposit rates for maturity of 1 month, 1-3 months and 6-12 months. Similarly, the indicative weighted average interest rate on loans and advances decreased from 10.6% to 10.3% by the end of the quarter. This was due to slight fall in cost of borrowing to some sectors, namely the mining sector from 16.4% to 14.9%, the entertainment and catering sector from 12.3% to 11.4%, and professional and other services from 10.1% to 9.5%.

Other Financial Corporations

The NFA of the other financial corporations (OFCs) decreased by 3% to \$255 million in the first quarter of 2014, compared to a growth of 1% in December 2013. The fall was mainly driven by the decline in the investment shares by 4% to \$118 million.

Meanwhile, holdings of foreign currency through other deposits grew by 7% to \$157 million after a slight fall in the last quarter.

Meanwhile, the OFCs' NDA maintained a positive trend this period by 3% to \$1,594 million, following a 2% rise in the previous quarter. Contributing to the increase was the 2% growth in the net domestic credit, driven by increasing net credit to non-financial public sector and the ODCs. Whilst, credit to private sector remained unchanged at \$1,287 million, deposits held with the ODCs increased by 9% to \$625 million this quarter from \$575 million in the previous quarter. The increase in the capital accounts and other items net by 5% to \$926 million and 11% to \$419 million, respectively also contributed to the increase in the total OFC NDA. Year-on-year comparisons saw OFCs' NDA rising significantly by 31% against the same period last year.

Monetary Policy

Since the introduction of the CBSI Act 2012, the primary objective of the Central Bank of Solomon Islands is achieving and maintaining the domestic price stability. In the first quarter of 2014, headline inflation stood at 3.4%, up

by 0.4 percentage points from 3.0% in December 2013 but well below the CBSI forecast range of 4% - 6% in 2014. The increase was due to slight growth in domestic inflation component such as food, housing utilities, transport and communication despite further deflation in imported goods.

With these economic developments, CBSI moved from a contractionary to a neutral monetary policy stance, which has led to a change in some of the instruments. The stock of Bokolo bills floated, which stood at \$710 million as of March 2014, has been currently capped at this level. Meanwhile, the cash reserve requirement remained at 7.5% of the commercial banks total deposits liabilities over the period, equivalent to 232 million.

CBS Instrument	Status in Q4 2013	Status in Q1 2014
Exchange rate	A managed peg (\pm % margin of the base rate) was retained. The base rate remained at 7.2833 against the USD.	A managed peg (\pm % margin of the base rate) was retained. The base rate remained at 7.2833 against the USD.
Open Market Operations	As of December 2013, \$640 million stock was floated by CBSI and \$600 million was absorbed.	As of March 2014, \$710 million stock was floated by CBSI and \$705 million was absorbed.
Cash Reserve Requirement	Remained at 7.5% of total deposit liabilities, equivalent to \$233 million.	Remained at 7.5% of total deposit liabilities, equivalent to \$232 million.

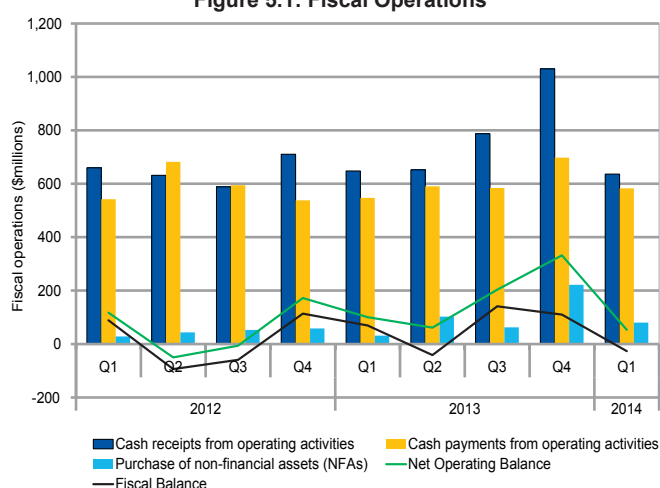
Gross foreign reserves reached an average of 12.4 months of import cover in March 2014, well above the three-month IMF benchmark. This provides ample policy space to tackle potential future inflationary pressures. During this period, CBSI maintained a managed pegged to the USD at SBD7.28 per USD.

Meanwhile, government treasury bills floated during the first quarter 2014 totaled \$9 million, \$3 million up from the previous quarter. The amount of bids received were around \$18 million compared to \$13 million received in the last quarter. The overall weighted average yield (WAYS) for 56 days stood at 0.21% this quarter, for 91 days declined from 0.24% to 0.19%, whilst for 182 days rose to 1.14% from 1.03% in the last quarter.

Chapter V. GOVERNMENT FINANCE

Following the strong fiscal performance in the final quarter of 2013, the Government, as expected, experienced a slowdown in its fiscal operations during the first three months of 2014. As a result, the net cash flow from operating activities together with the net investment on non-financial assets, resulted in a cash deficit of \$27 million, reversing the revised cash surplus of \$110 million recorded in the final quarter of 2013. The negative outturn was attributed to the larger decline in revenue over expenditure during the reviewed period (see Figure 5.1).

Figure 5.1: Fiscal Operations

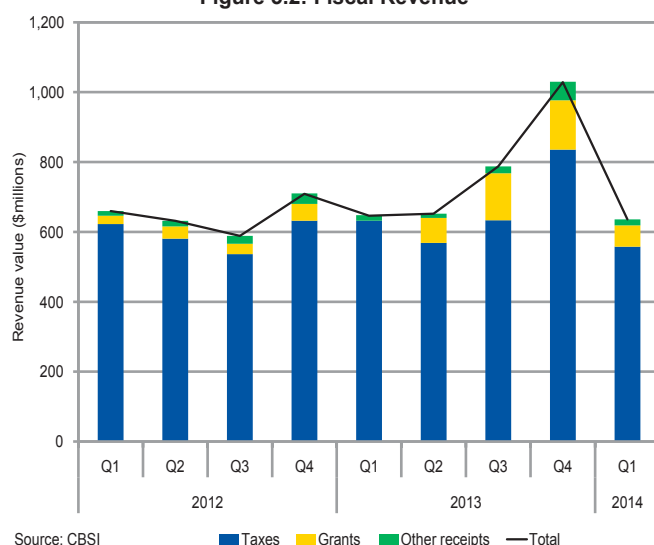


Source: CBSI

Revenue

After registering a 31% growth in the previous quarter, total revenue including grants weakened by 38% in the first quarter of 2014 to \$636 million. This fell short of the budget by 25% and 2% below the corresponding quarter of 2013. The marked fall in the overall revenue reflected broad declines across all major revenue categories (see Figure 5.2).

Figure 5.2: Fiscal Revenue



Source: CBSI

Taxes

Tax revenue, although accounting for 88% of the total government revenue, registered a notable fall of 33% this quarter and was 19% below-budget projections at \$558 million. The decline was related to falls in taxes on goods and services; taxes on income, profits, and capital gains; and taxes on international trade. There was also a negligible fall on property tax revenue.

Revenue on goods and services amounted to \$227 million, down by 37% and 18% against the quarter before and the budget, respectively, but 7% higher than similar quarter of 2013. The fall stemmed primarily from dropped in taxes on permission to use the goods and general tax on goods and services. Taxes on "permission to use" goods fell to \$10 million from \$113 million. This was driven mainly by declines in revenue received from overseas fishing licences, normally received at year-end. General taxes on goods and services also contributed to the overall fall in taxes on goods and services, down to \$174 million from \$206 million on the back of decline in goods tax.

Taxes on income, profits, and capital gains shrunk by 39% to \$174 million in the March quarter following a 36% surge in the last quarter. Underpinning the drop were declines in taxes payable by corporations and other enterprises combined with the taxes payable by individuals dropping by 49% to \$91 million and 24% to \$84 million, respectively. The fall in corporations and enterprises tax payables was driven by the withholding and company taxes. The decline in individuals' tax payable was due to the fall in private sector PAYE despite a surge in government PAYE.

Revenue from taxes on international trade and transactions fell to \$149 million from \$179 million in the quarter before. This level of collection was 10% and 12% lower than the budget and March quarter of 2013, respectively. The lower outcome resulted from decreases in taxes on Customs and import duties by 22% during the quarter to \$50 million due to declining import duties levied on manufacturing items. Taxes on exports also fell to \$100 million, 14% less than the December quarter of 2013. This owed mainly to the significant fall in duties on logs associated with marginal fall in the international price for logs.

Taxes on property recorded a marginal fall from \$7 million in the previous quarter to \$5 million within the March quarter. This was associated with the slip in the recurrent tax on immovable property, in particular, the withholding tax on lease of property paid to the Government.

Grants

In the first three months of 2014, total grants extended from donor partners through the Government's consolidated accounts plunged to \$61 million from \$141 million. The fall was driven by declines in grants from foreign governments to \$60 million from \$134 million and international organisations, to \$1 million from \$7 million in the

previous quarter.

Of the grants received from foreign governments, \$46 million came from the Australian Government to finance the current spending of the Ministry of Health and Medical Services (MHMS) and \$14 million was from New Zealand Government that went towards the Ministry of Education and Human Resources Development (MEHRD).

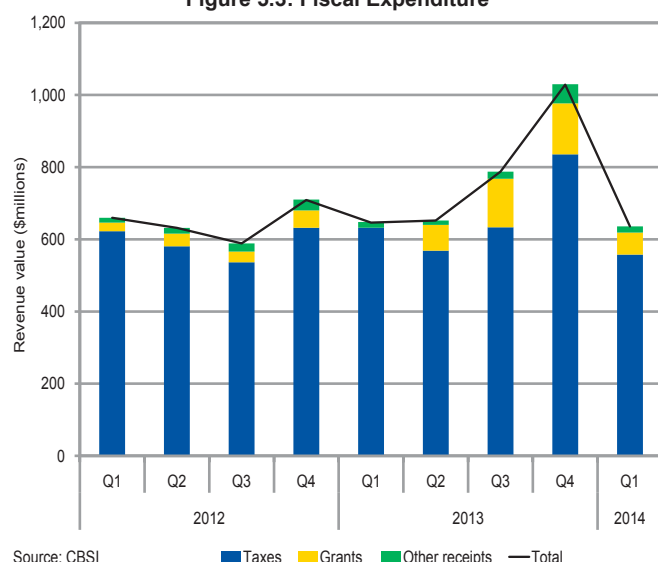
Non-Tax Revenue

Collection from non-tax revenues fell to \$17 million in the March quarter, following a strong collection in the previous month. Against the budget, this fell short by 7% but up by 12% against the same quarter a year earlier. The fall against the previous quarter resulted from a decline in administrative fees from \$45 million to \$16 million, driven by lower collection across all the major collecting ministries during the first three months of 2014.

Expenditure

Aggregate government expenditure including net acquisition of non-financial assets totalled \$663 million. This was 24% lower than envisaged for the review period and 28% below the previous quarter although 15% higher than the corresponding quarter of last year. The outturn relative to the previous quarter was driven by significant under-spending in goods and services and other payments, which more than outweighed increases in compensation of employees and grant payments to provincial governments (see Figure 5.3).

Figure 5.3: Fiscal Expenditure



Compensation of Employees

Compensation of employees accounted for 36% of total expense on operating activities at \$210 million, a slight increase of 1% and 9% against the previous quarter and the same period a year ago, respectively. However, this fell short by 4% against the budget. The outcome relative to the previous quarter was a combination of marginal in-

creases in wages and salaries by 1% to \$197 million and social contributions by 0.7% to \$13 million. Spending on wages and salaries was dominated by salaries of public servants at 71% (\$140 million), broadly consistent with spending in the previous quarter. This was followed by various allowances at 13% (\$26 million), special duty allowances at 4% (\$8 million) and various other payroll items accounted for the rest. Social contributions, on the other hand, constituted 6% of total employee compensation and consisted entirely of Solomon Islands National Provident Funds (NPF) contributions.

Purchases of Goods and Services

Government purchases of goods and services amounted to \$263 million, equivalent to 45% of the total expenditure and below budget by 34%. This was a decline of 32% against the prior quarter and 28% higher than the same quarter a year earlier. The outcome was due largely to notable declines in training – others from \$54 million to just \$5 million, consultancy fees from \$26 million to \$6 million, and fixed services grants from \$23 million to \$15 million. On the other hand, overseas training, which constituted the bulk of goods and services, increased by 62% to \$36 million against the previous quarter. This was followed by spending on voter registration, which rose from \$7 million to \$20 million, electricity charges from \$16 million to \$20 million, and general stores and spares from \$7 million to \$13 million.

Interest

Interest payment during the quarter was \$2 million, 44% lower than the previous quarter. Of the total payment, foreign loans interest repayments accounted for \$1.6 million whilst interest payments for domestic debts held by financial institutions accounted for the remainder.

Grants

Grants, which accounted for 14% of the total, overran the budget by 4% to reach \$83 million. Compared to the previous quarter, this was 59% higher albeit 9% less than the same period of 2013. Against the preceding quarter the increase was driven mainly by the broad-based increases in secondary education grants from \$2 million to \$16 million, health services grants (HSG) to provinces from \$5 million to \$12 million and MP scholarships award grants from \$1 million to \$10 million.

Social Benefits

Expenditure on social benefits was broadly around \$2 million, a decrease of \$3 million on the previous quarter but 61% above budget. This was attributed to increases in employer social benefits payments on account of a slight increase in gratuity under agreement payments. Workers compensation payments, on the other hand, fell marginally during the quarter.

Other Payments

Other recurrent payments, which accounted for 4% of total expenditure, were below budget by 34% to \$21 million. Compared to the previous quarter and the same period a year ago, this was a decline of 52% and 42%, respectively. The drop against the previous quarter was due to a notable reduction in miscellaneous items by 53% to \$16 million driven by significant decreases in subventions and grants payments during the review period.

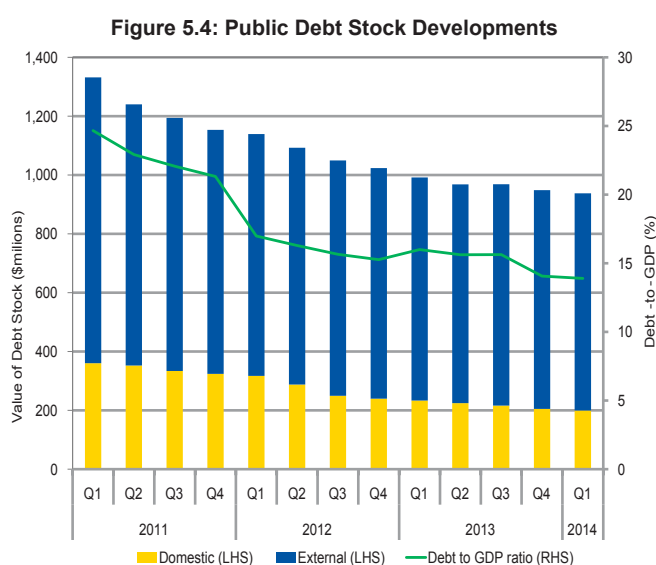
Acquisition of Non-Financial Assets (NFA)

The acquisition of non-financial assets stood at \$80 million, 41% below budget and 64% lower than the previous quarter. Compared to the same period a year ago, this was an increase of \$49 million. The outcome against the previous quarter was driven by significant reductions in the purchases of fixed assets by 66% to \$74 million, which accounted for 91% of total expenditure on NFA.

Underpinning the reduction in fixed assets payments were the 60% drop in buildings and structures payments to \$55 million, 79% fall in machinery and equipment to \$15 million and, to a lesser extent, the decline in other fixed assets, which comprised of cultivated assets and non-fixed assets. Similarly, non-produced assets reduced from \$4 million to \$3 million. Conversely, inventories increased slightly from \$3 million to \$4 million driven by materials and supplies.

Debt stock and services

Outstanding government debt stock stood at \$938 million, 1% lower than the stock position of \$948 million posted in the previous quarter. The downward trend was due to the Government's commitment in servicing its debt obligation of around \$16 million during the quarter. Of this, principle payment accounted for \$14 million and interest payment at \$2 million. Total debt stock, as a proportion of GDP, remained flat at 14% compared to a quarter before (see Figure 5.4)



Source: CBSI

External Public Debt Stock

External public sector debt fell by 1% to \$738 million over the previous quarter and 3% relative to the same period of 2013. The fall in the external stock was associated to principle repayment of \$7 million and in interest payment of \$1.6 million to both the International Development Association (IDA) and the Asian Development Bank (ADB).

By holders of external debt stock, multilateral creditors still maintained the bulk of external debt stock amounting to \$630 million, 0.8% lower than the \$635 million held in the last quarter. External debt stock held by bilateral creditors remained at the same level as the last quarter at \$108 million. Meanwhile, the majority of the external stock was dominated in SDR currency, accounting for 86%, USD remained the second largest holding at 14%, EUR at 3% and Kuwaiti Dinah at 0.4%.

Domestic Public Debt Stock

Domestic public debt stock recorded a decline of 3% to \$200 million over the reviewed period. The decline in domestic debt was related to principle repayment of \$7 million and interest servicing of \$0.9 million, which was below their respective repayment schedule of \$9 million and \$1 million, respectively. In terms of domestic holders, the CBSI held 1% less to \$73 million, other financial corporations (OFCs) with 6% to \$51 million and other depositary corporations (ODCs) at 7% to \$33 million less than the previous quarter. In contrast, other holders held \$43 million, 4% higher than in last quarter (see Table 5.1).

Table 5.1 Holdings of Domestic Debt (SBD Millions)

Category	2013				2014
	Q1	Q2	Q3	Q4	Q1
A. Banking System	123.0	118.6	114.4	109.6	106.1
Central Bank of Solomon Islands	80.1	78.1	76.4	74.0	73.0
Other Depository Corporations	42.9	40.5	38.0	35.6	33.1
B. Nonbank Sector	110.4	106.0	101.9	95.6	93.8
Other Financial Corporations	63.7	60.5	57.2	53.9	50.5
Other Holders	46.6	45.6	44.8	41.8	43.3
TOTAL (A+B)	233.4	224.6	216.3	205.2	199.8

Public Debt Stock and Debt-Service indicators

The debt sustainability indicators showed public debt-to-GDP for the first quarter of 2014 continued to maintain the downward movement seen in the last quarter, hovering around 14% of GDP. The liquidity measuring indicators namely; debt-to-export of goods and services, debt-to-domestic revenue and debt service-to-GDP also saw some improvements during the quarter. Debt-to-export of goods and services fell to 2% from 3%. The debt-to-domestic revenue went down from 4% in the preceding quarter to 3% in March quarter of 2014. Likewise, debt service-to-GDP, also recorded a fall of 0.3% from 0.4% in the previous quarter (see Figure 5.5).

Figure 5.5: Debt Servicing Indicators

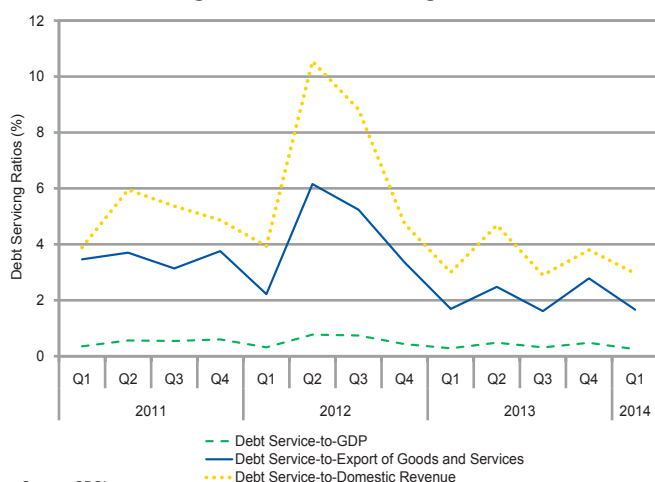


Table 5.2. Impact of 2014 Supplementary Budget on the 2014 Government Budget

Ministry of Finance	2012	2013	2014	2014
DESCRIPTION	Act.	Act.	Est.	Rev. Est.
Total Revenue and Grants	2951.4	3213.9	3503.0	3503.0
Recurrent Revenue	2866.9	3213.9	3423.0	3423.0
Local Revenue	2545.3	2763.1	2839.0	2839.0
Inland Revenue Division	1504.2	1696.8	1792.1	1792.1
Customs	780.0	796.3	818.9	818.9
Non-tax (including airspace fees)	261.2	270.0	228.0	228.0
Grants	406.0	450.9	664.0	664.0
Total Expenditure	2569.2	3104.5	3503.0	3577.0
Recurrent Expenditure	2007.7	2402.3	2862.0	2890.5
Payroll	700.6	746.6	863.9	863.9
Other Charges	1049.9	1315.6	1305.1	1319.3
Debt servicing 1	152.0	97.0	119.3	119.3
Budget support	238.9	243.2	573.7	588.1

Development expenditure	561.4	702.2	641.0	686.4
Budget Balance				
Recurrent Balance	859.2	815.4	561.0	532.5
Overall Balance	382.2	109.4	0.0	-74.0
Overall Balance (excl. grants)	-23.8	-218.0	-664.0	-738.0

Given this fiscal stimulus, the Government is anticipating a deficit of \$74 million as opposed to the original balanced budget. However, with the impact of the recent flash floods gradually materialising, the repercussions on the fiscal budget are likely to exacerbate the deficit. Revenue collections are expected to weaken and government expenditure to rise, particularly on key sectors such as infrastructure.

The deficit arises from an expected increase in aggregated expenditure to \$3,577 million from \$3,503 million in the original budget. The increase is attributed to an estimated surge in development expenditure to \$686 million from \$641 million and anticipated increase in the current expenditure from \$2,862 million to \$2,891 million. The aggregated revenue, however, will remain unchanged at \$3,503 million.

The advance warrant, which constitutes the bulk of the Supplementary Budget for 2014 at \$68 million, comprising of \$46 million for the construction of the new Ministry of Finance and Treasury Building, \$8 million for the acquisition of the former SI Printer's Office, \$7 million for the maintenance of correctional infrastructure and new residential buildings, \$4 million spent on the recruitment and maintenance of non-residential building for the Ministry of Justice, \$3 million to implement the Biometric Voter Registration in preparation for the national election and the remainder was for Enhancing the SI Trade Related Capacity Programme.

The contingency warrant totalled \$6 million in which \$2.3 million was spent on the consultancy fees, \$2 million on the MPs' allowances, and the remaining \$1.5 million was to cover the cost of establishing Solomon Islands new Embassy in Jakarta, Indonesia.

SPECIAL FEATURE

A MONEY DEMAND FUNCTION
OF THE SOLOMON ISLANDS

K. Especkerman-True, E. Ragimana, P. Samani and V. Takana

Abstract

In this paper, we estimate the money demand function for the Solomon Islands using quarterly time-series data for the period 2002 Q1–2012 Q4. Money demand is proxied by both narrow money (M1) and broad money (M2), both measured in real terms. Our main findings are: 1) money demand is cointegrated with its determinants, namely, real GDP, the real effective exchange rate, short-term domestic interest rate and short-term foreign interest rate; 2) in the long-run, all variables are correlated with money demand although not all variables are statistically significant in the short run; 3) only the foreign interest rate was found to Granger cause money demand; 4) the speed of adjustment in money demand to any shock was found to be 37% and 41% for each quarter when using RM1 and RM2 as dependent variables, respectively; and 5) the Solomon Islands exhibited a stable money demand function, implying that there is evidence to advocate monetary targeting.

*This research paper would not have been possible without the support of many people. The authors wish to express gratitude to Professor Paresh Kumar Narayan, who was abundantly helpful and offered invaluable support and guidance. Special thanks to members of the Economics, Research, and Statistics Department of the Central Banks of Solomon Islands for their assistance with data compilation. The views expressed herein are those of the author and do not necessarily reflect those of the Central Bank of Solomon Islands.

1. Introduction

The Solomon Islands Monetary Authority (SIMA) was first established by the Solomon Islands Monetary Authority Ordinance 1976, which was brought into effect on 21st June 1976 (SIMA, 1976). During its infancy, SIMA had two pre-occupations; the promulgation and administration of the new Exchange Control in March 1977 and the transitional withdrawal of Australian currency and introduction of the new Solomon Island currency, which was first issued on 24th October 1977 and became sole legal tender on 30th September 1978 (SIMA, 1977; 1978). Following the delivery of these objectives, SIMA focused on its provision services to local commercial banks, took responsibility for the adoption of daily exchange rate determination, and established its role as the Registrar of Government Securities issued in the Solomon Islands in 1979. In 1980, the Monetary Authority formalised its role to provide a clearing house for the trading banks (SIMA, 1979; 1980). With additional resources made available, 1980 and 1981 saw the creation and development of a research department within the Monetary Authority. This reflected efforts to improve the collection and dissemination of monetary statistics required to enable the Government to initiate more informed policy decisions for short-term and longer-term management of the monetary system. This is demonstrated in the, arguably, more active monetary policy decisions made by SIMA in 1982 in dealing with the macroeconomic issues facing the Solomon Islands during the continued global recession of the early 1980s (SIMA, 1981;1982).

Through the Solomon Islands Monetary Authority (Amendment) Act 1982, SIMA was superseded by the formal establishment of the Central Bank of Solomon Islands (CBSI) on 24th January 1983, which saw a deepening in the responsibility of the monetary authority, namely through its intended advisory role to Government, a strengthening in supervisory powers of the commercial banks, and the Central Bank's ability to aid in approved lending by commercial banks (CBSI 1983; National Parliament of Solomon Islands 1982). Since then, supplementary amendments have been made to further strengthen the capabilities of the Central Bank in order to act swiftly to changes in domestic and international economic conditions and fulfil its primary objects. From 1st January 2013, the mandate and powers of CBSI have now been enshrined in the CBSI Act 2012 to support its primary objective of achieving and maintaining domestic price stability¹, (National Parliament of Solomon Islands, 2012). The earnestness for CBSI to understand the stability of money demand is high, for it is a fundamental predication for choosing the most appropriate monetary policy target in order to achieve and maintain domestic price stability. Poole (1970) outlines the economic theory underpinning the optimal monetary instrument for an economy, based on the expected losses under each instrument; the interest rate should be selected as the monetary policy instrument when LM is unstable whilst money stock² is preferred in the case of random shocks to IS. As a result, stable money demand economies, mainly attributed to countries with less developed financial systems, are likely to minimise stabilisation costs through advocating money supply targeting. In more developed economies, where money demand is found to be less stable, there is a need for monetary policy to move towards inflation targeting through setting interest rates whilst allowing money supply to move freely. However, some developing countries are abandoning money supply targeting in favour of using the interest rate.

The money demand literature is vast and continues to evolve under the auspices of new econometric techniques and as developments in financial instruments alter the nature of the relationship. Studies on estimating money demand have been carried out on both developed and developing countries. A growing body of literature has also started to emerge on the Pacific Island countries. Rao and Singh (2005) found the demand for money to be stable in Fiji while Narayan and Narayan (2008) conclude that the relationship is unstable owing to atypical events in Fiji's history. Kumar and Manoka (2008) found that Tonga has a stable money demand function. Furthermore, Kumar (2010) uses panel data analysis to estimate the money demand functions for Fiji, Samoa, Solomon Islands, Vanuatu and Papua New Guinea and concludes that they exhibit stable relationships. However, although helpful in providing lessons and findings for regional monetary policy implications such as dollarization policies and regional monetary unions, a panel money demand function is more limited in application to national monetary policy formulation for Solomon Islands. More specifically, Jayaraman and Choong (2010) find that Solomon Islands exhibit a stable money demand function but this predates recent developments in the CBSI's efforts to develop new monetary policy instruments.

This paper aims to build on this literature on money demand functions and empirically examine the money demand function for the Solomon Islands. In a country that is currently experiencing excessive amounts of excess liquidity, relatively high inflation rates, and more recently, has developed open market operations, understanding the determinants of money demand and, hence, choosing the optimal monetary policy instrument for the economy, is crucial for achieving the primary objective of price stability in the Solomon Islands. Estimating a stable money demand is an important precondition for an effective monetary policy as it enables the existence of a stable channel through which changes in monetary aggregates have effects on prices and output. We investigate this using real GDP, short-term nominal domestic interest rate, short-term nominal foreign interest rate, and real effective exchange rate as the explanatory variables and money aggregates, M1 and M2, in real terms, as the dependent variable. The results are particularly important for the CBSI, which uses monetary policy instruments to influence monetary aggregates to affect the real economy, particu-

1 Its additional objective is to foster and maintain a stable financial system whilst supporting the general economic policies of Government, without the prejudice of attaining its two priority objectives.

2 Poole (1970) distinguishes between those that would advocate increasing money stock at a constant rate to those that argue for increasing money stock in response to the needs of current economic conditions (reducing money stock in boom times and vice versa during recessions).

larly in the absence of an overnight interbank interest rate.

The rest of the paper is organised in the following manner. Section 2 provides a brief overview of recent literature. Section 3 discusses the applicability of recent literature to the case of the Solomon Islands as well as outlining the methodology adopted for the study. Section 4 presents the results and interpretation. Section 5 is a summary of the findings with policy implications.

2. An overview of the literature and the implications for Solomon Islands

Over the decades, the theory of money is well understood (Fisher 1911; Pigou 1917; Keynes 1930, 1936; Baumol 1952; Friedman 1956; Tobin 1956; Patinkin 1965; Lucas 1980; Barnett 1980; Sargent and Wallace 1982) and money demand functions have received a great deal of attention with mixed results. From these studies, we are able to identify three main features of the literature.

The first feature we identify is the coverage of the literature. As expected, the majority of studies focus on money demand functions of developed countries as well emerging economies. Far fewer studies, however, have concentrated on low-income countries and countries from the South Pacific region.

The second key feature of the literature relates to the variables used to estimate money demand functions. We find that the choice of variables is likely to be directly influenced by the approach as well as the availability of data. Generally, we discover five main categories of variables used to model the money demand function. These are: a money demand variable, used as the dependent variable; and a range of independent variables, which include a scale variable, a cost of holding money variable, an exchange rate variable, and a foreign interest rate variable.

The non-observability of money demand leads us to estimate this variable by the quantity of money supplied (see Suliman and Dafaalla, 2011). Boughton (1992) suggests that choice of the money supply variable is based on institutional characteristics or by arbitrary means. Ericsson and Sharma (1996), however, highlight that the problem is that broader monetary aggregates appear to be more stable to nominal income although they are less influenced by the actions taken by monetary authorities. Others, such as Goldfeld and Sichel (1990), suggest that the increased focus on M2, as an alternative, has been driven by the blurring of transactions and portfolio money.

Second, the notion of the scale variable seeks to capture the number of transactions that relate to economic activity. Several income and wealth variables have been put forward to measure economic activity of an economy (see Subramanian, 1999).

Third, the premise for including a cost of holding variable centres around capturing the interest foregone of both holding money rather than spending it and the rate of return on assets of money substitutes. Cesarano (1991) explains this well; by holding one more dollar, the individual not only foregoes the yield on other financial assets but also one more dollar of consumption. In some instances, the expected rate of inflation is used as a measure of the cost of holding money where data restrictions, underdevelopment of the financial system, and government regulation of interest rates are key reasons for using the expected inflation rate. However, Heller and Khan (1979) contend that with the presence of moderate inflation, variations in nominal interest rates will be encapsulated in the expected inflation rate; thereby, not having any additional impact on money demand. Rao and Singh (2005) argue the case for the inclusion of nominal interest rates over the real interest rate in the demand for money, both for narrow and broad money. The rationale behind this is that various liquid assets, which are seen as close substitutes, will be homogeneously affected by inflation. Therefore, comparing rates of return, based on the interest rate, should be compared using the nominal rate as opposed to the real rate.

Fourth, Mundell (1963) highlights the importance of the exchange rate in offsetting central bank changes to money supply due to capital outflows, underpinning the capital mobility hypothesis. Under this premise, where funds are internationally mobile and residents are able to take advantage of rates of return from overseas, favourable exchange rate movements may, at times, yield greater returns. Narayan (2007) articulates this such that a depreciation in the exchange rate, measured by the number of units of domestic currency per foreign currency, implies an increase in the value of foreign assets in terms of domestic currency and hence, increases the demand for transactions. However, if a depreciation leads to speculation of a devaluation, the relationship with money demand will be negative such that residents in the domestic economy will be reluctant to continue holding domestic currency.

Finally, Agenor and Khan (1996) develop the argument for currency substitution and identify the role of foreign interest rates in money demand movements. They claim that variations in the ratio of domestic to foreign currency holdings are attributed to changes in foreign interest rates and in the premium of the parallel exchange market³. Rao and Singh

³ Agenor and Khan base their findings on a hypothetical world with a dual exchange market consisting of an official market for foreign exchange for general commercial transactions, and a parallel market to account for goods that cannot be imported at the official exchange rate. E.g. luxury goods.

(2005) acknowledge its importance by including the foreign interest as a return variable for the effective exchange rate, where foreign interest rate represents the weighted average of the deposit rates in trading partner economies. The inclusion of this variable is also found in other studies (see Narayan, 2007), who asserts the view that the foreign interest allows us to capture the responsiveness of money demand to foreign income.

The final feature relates to econometric methodology. There are essentially two directions that the empirical literature has taken. The first group of studies estimate money demand functions on a country-by-country basis. Siddiki (2000) uses the bounds testing approach to cointegration and estimates the money demand function for Bangladesh for the period 1975 to 1995. He finds a stable relationship. Tang (2002) estimates Malaysia's money demand function using the bounds testing approach to cointegration and finds a stable money demand function for Malaysia. Furthermore, Bahmani-Oskooee and Rehman (2005) estimate money demand functions for seven Asian countries using the bounds testing approach to cointegration. In summary, they find that for India, Indonesia and Singapore, M1 is cointegrated with its determinants and the parameters are stable, while the M2 is cointegrated with its determinants for Pakistan, the Philippines, Malaysia and Thailand with stable parameters. Other countries show unstable money demand functions; Bahmani-Oskooee and Shin (2002) estimate South Korea's money demand function using the bounds testing approach to cointegration but find an unstable relationship despite the variables included in the money demand function being cointegrated. Similarly, Pradhan and Subramanian (2003) estimate the money demand function for India using the Gregory and Hansen (1996) residual-based test for cointegration but found no conclusive evidence of a long-run stable relationship between money demand and its determinants. There is also growing body of literature emerging on Pacific island country case studies albeit mainly focussed on Fiji. Katafano (2001) found that money demand for Fiji is stable, further supported by Rao and Singh (2005) who concluded a similar result. However, Narayan and Narayan (2008) argue that Fiji has an unstable money demand relationship attributed to atypical events in Fiji's history. In addition to Fiji, Kumar and Manoka (2008) have estimated the demand for money in Tonga and concluded that the relationship was stable.

The second group of studies used recent developments in panel unit root and panel cointegration (Mark and Sul 2003; Harb 2004) and found that interest rates has a negative coefficient and was statistically significant. Harb (2004) estimated money demand function for six countries namely Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and United Arab Emirates using Pedroni's (2000) panel cointegration procedures and found evidence that M1 was cointegrated with its determinants. The study also showed theoretically consistent results on the impact of real GDP and interest rate on money demand. In terms of the Pacific region, Kumar and Singh (2009) employed panel data analysis on Fiji, Samoa, Solomon Islands, Vanuatu and Papua New Guinea. They found that for these countries, the money demand function was stable and proposed these countries should target money supply in the conduct of monetary policy.

3. Empirical Framework

3.1 Methodology

This section presents the empirical framework to estimate the stability of money demand in the Solomon Islands. Having reviewed the literature, we have chosen to look at both money supply measures (in real terms), RM1 and RM2, in the following functional forms:

$$RM1 = f(RGDP, REER, DINT, FINT) \quad (1)$$

$$RM2 = f(RGDP, REER, DINT, FINT) \quad (2)$$

We believe that a narrow money measure best reflects the conditions in the Solomon Islands. More recent empirical studies show that in broad terms, developing countries are relatively more likely to observe stable demand relationships with narrower definitions of money. Moosa (1992) and Hossain (1994) assert the argument to weak banking systems and undeveloped financial systems. These explanations go some way to explaining why M1 is a better measure for the Solomon Islands where in many provinces, access to commercial banks is limited, partly attributed to the under-developed financial system. Another reason that explains why M1 could be a more suitable money demand measure in the Solomon Islands lies in the notion that residents may not desire to hold bank accounts their under current economic conditions. For instance, rural residents face the task of weighing up the gain from storing money in a bank account compared to costs associated with having a bank account. Transport costs connecting to the urban centres may be a significant barrier, together with the prevalent transaction costs attached to holding a bank account such as withdrawal fees and cheque book fees. There is also likely to be a greater time cost compared to those living in urban centres that needs to be considered. All of this is accompanied by the presence of relatively high inflation in recent years. These arguments are very much akin to those proposed in inventory – theoretic approaches developed by Baumol (1952) and Tobin (1956). We conclude that on the assumption that there is a high prominence of cash in the Solomon Islands, motivated by transactions and precautionary demands, M1 may, therefore, be a more suitable measure. For completeness,

we will investigate both monetary aggregates, M1 and M2. In the Solomon Islands, M1 is defined as the sum of currency in circulation and demand deposits in the banking system whilst M2 includes both components of M1 as well as total savings deposits.

Furthermore, as mentioned by Heller and Khan (1979) Rao and Singh (2005), we believe that using the domestic nominal interest rate is the most applicable cost of holding money variable. In accordance with well-documented literature, we expect that the relationship between the nominal interest rate and money demand to be negative. This is justified by the interest rate representing the opportunity cost of holding money; therefore, rising interest rates are likely to motivate residents to place money into interest-bearing accounts in order to generate a rate of return. In spite of this, much of the argument for money demand in the Solomon Islands is attributed to transactions and precautionary demands, rather than a driver for a store of wealth. With this in mind, this also provides us with a justification for using a short-term interest as opposed to assets with longer-term yields, as advocated by portfolio models. Together with the argument of prevalent transaction costs associated with bank accounts, we believe that the influence of the nominal interest rate on money demand may have little or no bearing as a determinant. This is more likely to be true for M1 than M2, given their definitions.

We also argue that there is a rationale for including an exchange rate variable in our models. Strict exchange controls prevent the free movement of capital and therefore, the ability to exploit profits from overseas. Instead, the incidence of exchange rate impacts on real money demand relates to the interactions with the terms of trade rather than capital mobility. A real depreciation of the exchange rate implies an improvement in the terms of trade. Export competitiveness in the long-run improves as exports appear to be relatively cheaper, whilst imports are relatively more expensive. Through these channels, real money demand will be affected in two ways. Where import demand is price elastic, demand for imports is likely to fall and so too will real money demand. Increased exports, on the other hand, will increase the demand for real money as foreign exchange associated with exports must be surrendered as per exchange controls imposed by CBSI⁴, thus creating demand for domestic currency during conversion. To this end, we decide to use the real effective exchange rate to capture our relative competitiveness.

Finally, we include a foreign interest rate variable in both models. However, the strict exchange controls that prohibit Solomon Island residents from holding foreign bank accounts overseas⁵ and restricting firms the ability to hold bank accounts offshore to only certain exporters, such a policy implies that the foreign interest rate is unlikely to have a noteworthy influence on money demand.

3.2 Long-run model specification

Having chosen our variables, we construct our models using four determinants. For the long-run model, we expect, the short-term nominal domestic interest rate, to exhibit a negative and statistically significant relationship, and the real effective exchange rate, to have positive and statistically significant while, the short-term nominal foreign interest rate, is anticipated to demonstrate a positive yet statistically insignificant relationship. The expected relationships with and are shown in the models in Equations 3 and 4.

$$\Delta \ln RM1_t = a_0 + a_1 \Delta \ln RGDP_t + a_2 \Delta \ln REER_{t-1} - a_3 DINT_t + a_4 FINT_t + a_5 \varepsilon_t \quad (3)$$

$$\Delta \ln RM2_t = \beta_0 + \beta_1 \Delta \ln RGDP_t + \beta_2 \Delta \ln REER_{t-1} - \beta_3 DINT_t + \beta_4 FINT_t + \beta_5 \varepsilon_t \quad (4)$$

3.3 Short-run model specification

The short-run money demand equations are error corrections of the long-run equations. Assuming that there is a long-run relationship (cointegration) between money demand and its determinants, the short-run models are represented by Eq. (5) and (6):

$$\Delta \ln RM1_t = a_0 + a_1 \Delta \ln RGDP_t + a_2 \Delta \ln REER_{t-1} - a_3 DINT_t + a_4 FINT_t + a_5 \varepsilon_{t-1} + \mu_t \quad (5)$$

$$\Delta \ln RM2_t = \beta_0 + \beta_1 \Delta \ln RGDP_t + \beta_2 \Delta \ln REER_{t-1} - \beta_3 DINT_t + \beta_4 FINT_t + \beta_5 \varepsilon_{t-1} + \mu_t \quad (6)$$

where ε_{t-1} is one-period lagged residuals from Eq. (3) and (4), respectively. The long-run equilibrium between the money demand variables and their explanatory variables will be captured by a negative coefficient of the error correction term (ECT), which also represents the speed of adjustment at which a short-run disequilibrium is corrected. The symbol Δ denotes the difference on each of the variables.

⁴ Exchange controls currently only allow exporters to hold foreign currency accounts onshore and offshore. The amount that must be surrendered is assessed on a company by company basis with some exporters having to surrender a proportion of the export value whilst others must convert a set amount. It should also be noted that imports may also increase if intermediate processes require goods from overseas.

⁵ There are some exemptions such as resident students studying abroad.

3.4 ADF Unit Root Test

The Augmented Dickey and Fuller (1979, 1981) test is based on the following regression model:

$$\Delta y_t = K + \alpha y_{t-1} + \beta_t + \sum_{j=1}^k \gamma_j \Delta y_{t-j} + \varepsilon_t \quad (7)$$

where Eq. (7) tests for a unit root in y_t , where y consists of each of the six variables in our model, $t=1, \dots, T$ is an index of time, Δy_{t-j} is the lagged first differences to accommodate serial correlation in the errors, ε_t . Eq. (3) tests the null of a unit root against a trend stationary alternative. The null and the alternate hypotheses for a unit root in y_t are: $H_0: \alpha=0$ and $H_1: \alpha<0$ and . To select the lag length (k), we use the 't-sig' approach proposed by Hall (1994).

$$\Delta y_t = C + \sum_{j=1}^k \gamma_j \Delta y_{t-j} + \Pi Y_{t-1} + \varepsilon_t \quad (8)$$

3.5 Cointegration test

We use Johansen's (1988) approach, which uses the maximum likelihood procedure to determine the presence of cointegrating vectors. The procedure is based on the following vector:

where Y_t is a vector of $I(1)$ non-stationary in level form, variables and C is a constant. The information on the coefficient matrix between the levels of the money supply series is decomposed as $\Pi = \gamma \delta'$ where the relevant elements of the matrix are the adjustment coefficients and the matrix contains the cointegrating vectors. Johansen and Juselius (1990) recommend the trace test and the maximum eigenvalue test statistics to determine the number of cointegrating vectors.

4. Empirical Analysis

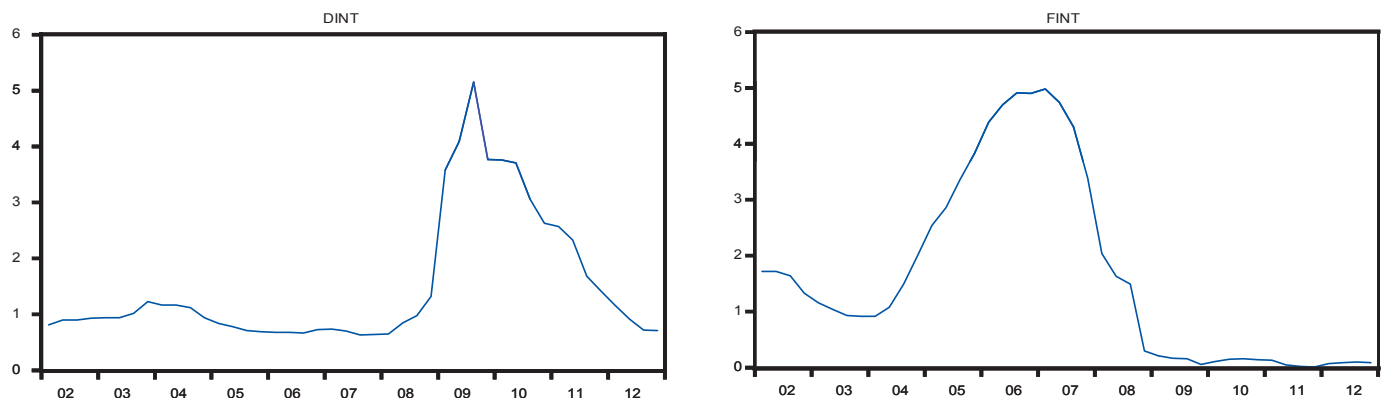
4.1 Data

In this study, we use quarterly data for the period 2002Q1 to 2012Q4 where the choice of the sample period is prescribed by the availability of data. The rationale for quarterly as opposed to annual data was to ensure reasonable number of observations for time-series econometrics modelling as well as being the preferred frequency for monitoring and reporting procedures within the CBSI, which can be used for timely monetary policy-making.

All data series are converted to log data form for ease of interpretation with the exception of the interest rates. Real money aggregates, M_1 , M_2 , and M_3 are obtained from various CBSI departments whilst the short-term nominal foreign interest, $r_{\$}$, is proxied using the 3-month US treasury bills rate obtained from the Federal Reserve Bank of St. Louis⁷. The real effective exchange rate, $REER$, is indexed to 2005 and sourced from the *International Financial Statistics* published by the International Monetary Fund. It should be noted that owing to data limitations and in the absence of quarterly GDP data, the annual real GDP data has been decomposed into quarterly estimates using the Chow-Lin (1971) Procedure.

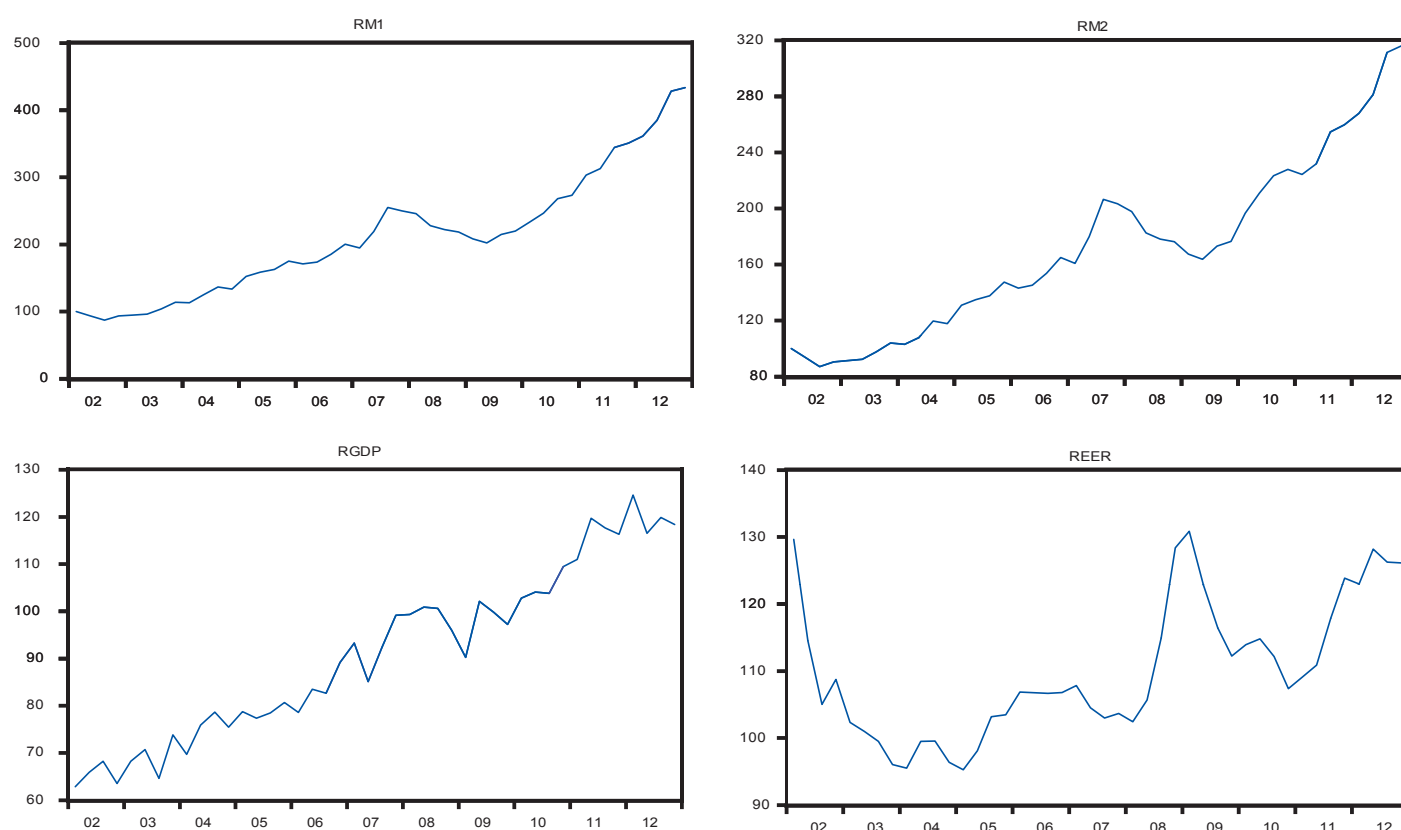
Figure 1 presents the six variables in our dataset. Three observations are worth noting. First, we notice that, in broad terms, M_1 , M_2 , and M_3 display upward trends. The spikes in $r_{\$}$ and $REER$ in 2007 largely reflect the high food prices while the decline between 2007 and 2009 is explained by the impact of rising domestic interest rates, $r_{\$}$, which ensued during the global financial crisis, a characteristic also driving the fall in $REER$ during the same period. The third observation is that changes

Figure 1: pilot of data series, 2002Q1 - 2012Q4



⁶ Measured by the monthly weighted average deposit rates

⁷ <http://www.stlouisfed.org>



in the can, in part, be explained by changes in exchange rate policy. The relatively stable real effective exchange rate reflects the stabilisation of the SBD against the USD since 2002 whilst increases in the indicate depreciations of the Solomon Dollar.

Selected descriptive statistics are presented in Table 1. Over the time series, the average value of and were \$211 million and \$171 million, respectively. Meanwhile, the mean deposit domestic interest rate, , stood at 1.5% and the foreign deposit interest rate, stood at around 1.6% while stood at \$91 million. The real effective exchange rate, registered an average index value of 110 points, implying a depreciation over the time horizon.

Table 1: Selected Descriptive Statistics

	RMI	RM2	RGDP	FINT	DINT	REER
Mean	211.1164	171.2459	91.0730	1.4914	1.6373	110.0236
Median	205.1850	166.2200	91.3000	0.9400	1.1200	107.1100
Maximum	433.5800	316.0100	124.6500	5.1500	4.9800	130.8400
Minimum	87.1400	87.1000	62.8500	0.6300	0.0100	95.2600
Std. Dev.	92.1580	61.5285	18.0164	1.1705	1.6811	10.2521

Source: Authors' own calculations.

4.2 Unit root test

The aim of this section is to assess the integrational properties of the data series, namely, RM1 , RM2 , RGDP, REER, DINT and FINT . We use a conventional test, namely the ADF (1979, 1981) test, to examine the null hypothesis of a unit root against the alternative hypothesis that the series is trend stationary. The results of the unit root test are presented in Table 2.

Table 2: ADF Unit Root Test Results

	Level	First difference
lnRM1	0.3222 [0]	-5.8008*** [0]
lnRM2	0.4861 [0]	-5.3491*** [0]
lnRGDP	-0.6262 [0]	-8.2484*** [0]

lnREER	-1.8459 [1]	-4.9700*** [1]
lnDINT	-1.3359 [0]	-5.1756***[0]
lnFINT	-2.7354* [3]	-2.8313*[0]

Source: Authors' own calculations

Notes: The ADF critical values, based on Mackinnon are 2.604, 2.933, and 3.597, at the 10%, 5% and 1% levels, respectively.

The optimal lag length for each autoregressive process of the ADF Test is determined by the Schwartz Info Criterion (SIC) and presented in [].

*, *** denote statistical significance at 10%, and 1% levels, respectively.

From the results computed for both log-levels and the first difference of the log-levels series, we find that we cannot reject the null hypothesis of a unit root for all variables at the level. However, the first difference of the levels was rejected on the unit root null hypothesis at the 1% level in all variables. These results suggest that all variables are. Since all variables are stationary in their first difference, they can potentially share a cointegrating relationship in the long-run. The next section discusses the cointegration analysis and the results.

4.3 Cointegration test

After ascertaining that all variables are non-stationary in their level form but stationary in the first difference, we now proceed to conducting the cointegration test. In this section, the goal is to investigate whether real money demand share long-run relationships with their respective determinants. Based on two statistics (the trace test and the maximum eigenvalue test), we achieve this goal using the Johansen (1988) cointegration test. The results are reported in Table 3. Panel A presents the results for the model where is used as a proxy for money demand, while Panel B presents the results for the model where is used as a proxy for money demand.

Table 3: Johansen's Test for Cointegration

$H_0(r)$	$H_1(r)$	Trace statistic	5% CV	10% CV
Panel A: when is endogenous				
0	1	159.8928***	69.8189	65.8197
≤ 1	2	104.2582***	47.8561	44.4936
≤ 2	3	51.1840***	29.7971	27.067
≤ 3	4	14.6380*	15.4947	13.4288
≤ 4	5	3.520675*	3.8415	2.7055
$H_0(r)$	$H_1(r)$	Max eigenvalue statistic	5% CV	10% CV
Panel A: when is endogenous				
0	1	55.6346***	33.8769	31.2392
≤ 1	2	53.0742***	27.5843	25.1241
≤ 2	3	36.5460***	21.1316	18.8928
≤ 3	4	11.1174*	14.2646	12.2965
≤ 4	5	3.520675*	3.8415	2.7055
$H_0(r)$	$H_1(r)$	Trace statistic	5% CV	10% CV
Panel B: when is endogenous				
0	1	172.7407***	69.8189	65.8197
≤ 1	2	106.1704***	47.8561	44.4936
≤ 2	3	47.3718***	29.7971	27.067
≤ 3	4	16.7191***	15.4947	13.4288
≤ 4	5	5.2043***	3.8415	2.7055
$H_0(r)$	$H_1(r)$	Max eigenvalue statistic	5% CV	10% CV
Panel B: when is endogenous				
0	1	66.5703***	33.8769	31.2392
≤ 1	2	58.7986***	27.5843	25.1241
≤ 2	3	30.6527***	21.1316	18.8928
≤ 3	4	11.5147***	14.2646	12.2965
≤ 4	5	5.2043***	3.8415	2.7055

Source: Authors' own calculations.

*, *** denote statistical significance at 10%, and 1% levels, respectively.

Beginning with RM1, we find that the trace test suggests that we can reject the null hypothesis, $H_0=2$ in favour of $H_1=3$ at the 1% level whilst we cannot reject the null hypothesis of $H_0 \leq 3$ in favour of $H_1=4$ at the 5% level of significance. Similarly, the maximum eigenvalue test also identifies at the presence of at least three cointegrating relationship at the 1% level of significance. These results suggest that there are at least three long-run cointegrating relationships among real money demand, real GDP, real effective exchange rate and nominal domestic and foreign interest rates.

With regards to RM2, the trace test that we can reject the null hypothesis of $H_0=4$ in favour of $H_1=5$ at the 1% level. With similar outcomes, the maximum eigenvalue test also finds at least 5 cointegrating relationships. Therefore, we can conclude that there are at least 5 cointegrating relationship between real money demand, real GDP, real effective exchange rate and nominal domestic and foreign interest rates at the 1% level.

4.4 Long-run elasticities

Having established that a long-run relationship exists between and its determinants and and its corresponding determinants, the aim of this section is to estimate the long-run elasticities of the explanatory variables. We achieve this by using the ordinary least squares (OLS) procedures. We report the results in Table 4. We divide the table into two panels: Panel A contains results for the model where is used as a proxy for money demand, while Panel B contains the results from the model where is used as a proxy for money demand.

Table 4: Long-run elasticities

Regressor	coefficient	t-statistic
Panel A: when RM1 is endogenous		
lnRGDP	2.2235***	24.4248
lnDINT	-0.0347**	-2.2019
lnFINT	0.0295**	2.5740
lnREER	0.3865*	1.8852
Constant	-6.5422	-7.5181
Panel B: when RM2 is endogenous		
lnRGDP	1.7798***	22.4349
lnDINT	-0.0268*	-1.9518
ln FINT	0.0228**	2.2848
lnREER	0.3851**	2.1559
Constant	-4.7219	-6.2267

Source: Authors' own calculations

*, **, *** denote statistical significance at 10%, 5% and 1% levels, respectively.

Our main findings are as follows. Beginning with RM1, we find that, consistent with economic theory and other studies, RGDP has a positive and significant relationship with real money demand (at 1% significance level). The elasticity is 2.22, higher than other studies. This can be explained by the high levels of cash held in the economy, represented in the levels of currency in circulation that is pumped back into the real sector. Also in line with economic theory and other empirical studies, the nominal domestic interest rate has a statistically significant but negative relationship with real money demand at 5% level of significance. The elasticity is small at 0.03, possibly explained by the weak transmission of the interest rate channel into the real sector. Historically, nominal interest rates have been low and negative in real terms due to relatively high levels of inflation over the years.

Despite this, people still deposit money in bank accounts and the lack of alternative in financial asset investments available in the Solomon Islands means that the domestic interest rate is still important. Both of these conclusions are consistent with the results in Tonga and the panel data study carried out on the Pacific Islands, which included the Solomon Islands, (see Kumar, 2010). Additionally, although the foreign interest rate is found to be statistically significant in the long-run, the positive relationship and weak coefficient value (0.03) are expected. This can be justified by the current exchange controls in place that prevent capital mobility for businesses and individuals investing abroad; hence, the foreign interest rate exhibiting little relationship. Other factors such as limited information of foreign investment products may also be at play.

Furthermore, the real effective exchange rate reports a positive correlation with real money demand but statistically significant at the 10% level of significance. This implies that a depreciation in the Solomon Dollar is associated with an

increase in the demand for money such that people prefer to hold domestic currency. In contrast, an appreciation in the Solomon Dollar is associated with a decrease in money demand likely to be caused by the reduction in export earnings filtering through to the real sector.

Similar results arise for the RM2 model. We find that real GDP also has a positive and statistically significant relationship at the 1% level. Similar to the RM1 model, the nominal domestic interest rate has a statistically significant but negative relationship with real money demand at 10% level of significance. The magnitude for real GDP and the domestic interest rate are slightly lower in the RM2 model at 1.78 and 0.03, respectively. In addition to this, the real effective exchange rate is positive and statistically significant at the 5% level, suggesting that a depreciation in the Solomon Dollar is associated with increases in the demand for money. The foreign interest rate has a statistically significant and positive effect on at the 5% level of significance, as was the case for RM1.

4.5 Short-run elasticities

Having estimated the long equations, we are also able to estimate the short-run equations for real money demand. We report the results in Table 5. We divide the table into two panels: Panel A contains results for the model where $\Delta \ln M$ is used as a proxy for money demand, while Panel B contains the results from the model where $\Delta \ln M$ is used as a proxy for money demand.

Table 5: Short-run elasticities

Dependent variable	coefficient	t-statistics
Panel A: when RM1 is endogenous		
$\Delta \ln REER_t$	-0.3055	-1.2519
$\Delta \ln RGDP_{t-1}$	-0.6903***	-2.8577
$\Delta \ln FINT_{t-1}$	0.0374	1.5352
$\Delta \ln REER_{t-1}$	-0.3612	-1.3701
$\Delta \ln RGDP_{t-2}$	-0.2309	-1.2615
$\Delta \ln DINT_{t-2}$	-0.019	-1.147
$\Delta \ln FINT_{t-2}$	0.0341	1.3743
$\Delta \ln REER_{t-2}$	-0.6195***	-2.4146
$\Delta \ln DINT_{t-3}$	-0.0323**	-2.0778
$\Delta \ln RGDP_{t-4}$	-0.1576	-0.9967
$ECT1_{t-1}$	-0.3723***	-2.996
Constant	0.0654***	6.6303
Dependent variable	coefficient	t-statistic
Panel B: when RM2 is endogenous		
$\Delta \ln REER_t$	-0.5379***	-2.6252
$\Delta \ln RGDP_{t-1}$	-0.7334***	-3.8039
$\Delta \ln DINT_{t-1}$	-0.0187	-1.0829
$\Delta \ln RGDP_{t-2}$	-0.3657**	-2.3137
$\Delta \ln FINT_{t-2}$	0.0307	1.5219
$\Delta \ln REER_{t-2}$	-0.6579**	-2.7329
$\Delta \ln DINT_{t-3}$	-0.0129	-0.757
$\Delta \ln FINT_{t-4}$	0.0332	1.4934
$ECT2_{t-1}$	-0.4148***	-3.6161
Constant	0.0570	6.5705

Source: Authors' own calculations.

, * denote statistical significance at 5% and 1% levels, respectively.

For RM1, we find that the lag RGDP of has a statistically significant relationship with real money demand at the 1% level of significance whilst a two-period lag in the REER and a three-period lag in the DINT have statistically significant relationship with money demand at the 5% level of significance. Surprisingly, RGDP has a negative relationship with RM1 in the short-run. This could be characterised by economic agents wanting to save money in the short-run, and also exhibit a negative relationship. This is expected of DINT as more people are likely to save as domestic interest rates increase. For the REER, a depreciation leads to a reduction in the demand for money. Furthermore, the error correction term, $ECT1_{t-1}$, is statistically significant at the 1% level. The coefficient value of -0.37 suggests that real money demand recovers from a shock by 37% each quarter. This suggests that the economy will fully recover from the shock to money demand within nine months under this short-run model specification.

With regards to the RM2 model, we find that the REER and a two-period lag of the REER are both statistically signifi-

cant at the 1% level of significance. In addition, we observe that a one-period a and two-period lag of RGDP are statistically significant at the 1% and 5% level of significance, respectively. The correlation between RGDP and RM2 is negative as are the correlations between RM2 and the REER and RM2 and the two-period lag of the REER. In addition, the error correction term, ECT2t-1, is statistically significant at the 1% level. The coefficient value of -0.41 suggests that real money demand recovers from a shock by 41% each quarter. This suggests that the economy will fully recover from the shock to money demand within nine months under this short-run model specification.

4.6 Granger causality

Having found evidence that substantiates plausible correlations between real money demand and its determinants in the previous section, this section aims to establish whether there are causal relationships among the variables, that is, we are concerned about whether or not real GDP, real effective exchange rate, and interest rates Granger cause RM1 and RM2, respectively. Conversely, we are also assessing whether the relationship operates in the opposite direction such that RM1 and RM2 Granger cause real GDP, real effective exchange rates, or domestic and foreign interest rates. The results on short-run and long-run Granger causality are reported in Table 68. We divide the table into two panels: Panel A contains results for the model where RM1 is used as a proxy for money demand, while Panel B contains the results from the model where RM2 is used as a proxy for money demand.

We begin by looking at the results for RM1 are reported in Panel A and discover that there is unidirectional causality running from foreign interest rate to real money demand at the 10% level of significance. No other independent variables exhibit causal relationships with RM1. In Panel B, the results for the RM2 model are reported and illustrate a similar picture to that of the RM2 model. We find that there is unidirectional causality running from the foreign interest rate to at the 10% level of significance, while all other variables do not show causal relationships.

4.7 Diagnostics tests

Table 6: Results of Granger causality test

Dependent variable	$\Delta \ln RM1_t$	$\Delta \ln RGDP_t$	$\Delta \ln DINT_t$	$\Delta \ln FINT_t$	$\Delta \ln REER_t$	ECT1t-1 [t-statistic]
Panel A: when RM1 is endogenous						
$\Delta \ln RM1_t$	-	4.0504 [0.1320]	2.7006 [0.2592]	0.5488 [0.7600]	0.4724 [0.7896]	0.0173 [0.8019]
$\Delta \ln RGDP_t$	2.6840 [0.2613]	-	41.1503 [0.0000]	0.7891 [0.6740]	0.0806 [0.9605]	-0.0108 [-0.5262]
$\Delta \ln DINT_t$	0.0458 [0.9773]	1.8445 [0.3976]	-	0.1107 [0.9461]	6.3928 [0.0409]	-0.7020 [-5.5395]
$\Delta \ln FINT_t$	5.8556* [0.0535]	1.1185 [0.5716]	6.5694** [0.0375]	-	0.4722 [0.7897]	0.0343 [0.2637]
$\Delta \ln REER_t$	0.4599 [0.7946]	1.3840 [0.5006]	0.9537 [0.6207]	0.2818 [0.8686]	-	0.0050 [0.3228]
Dependent variable	$\Delta \ln RM2_t$	$\Delta \ln RGDP_t$	$\Delta \ln DINT_t$	$\Delta \ln FINT_t$	$\Delta \ln REER_t$	ECT2t-1 [t-statistic]
Panel B: when RM2 is endogenous						
$\Delta \ln RM2_t$	-	2.4040 [0.3006]	0.3387 [0.8442]	0.3214 [0.8515]	1.0247 [0.5991]	0.0638 [0.9633]
$\Delta \ln RGDP_t$	2.9785 [0.2255]	-	41.2172*** [0.0000]	0.4637 [0.7930]	0.6587 [0.7194]	-0.0000 [-0.0004]
$\Delta \ln DINT_t$	2.0437 [0.3599]	1.3825 [0.5009]	-	0.0968 [0.9527]	6.1675** [0.0458]	-2.4035 [-5.8843]
$\Delta \ln FINT_t$	5.0064* [0.0818]	0.6456 [0.7241]	6.0721** [0.0480]	-	0.8917 [0.6403]	-0.0034*** [-0.0082]
$\Delta \ln REER_t$	1.0226 [0.5997]	0.6325 [0.7289]	2.4250 [0.2975]	0.4247 [0.8087]	-	-0.0079 [-0.1582]

Source: Authors' own calculations.

Notes: The probability values are in square brackets.

*, **, *** denote statistical significance at 10%, 5% and 1% levels, respectively.

Having identified that all variables are cointegrated in both of the estimated models, this section examines some of the commonly used diagnostic tests to check whether or not the data is consistent with the assumptions of OLS estimators.

First, we conduct the Normality Test such that the null hypothesis is normally distributed. We find that we cannot reject the null hypothesis of normality implying that the residuals are normally distributed at the 1% level.

We also test the residuals for serial correlation using the Breusch-Godfrey Serial Correlation LM Test. In this test, the null hypothesis is that there is no autocorrelation among the residuals. For both estimated models, we are unable to reject the null hypothesis of no autocorrelation, implying there is evidence that the residuals are free from autocorrelation at the 1% level.

In conducting the Breusch Pagan-Godfrey Test for Heteroscedasticity, we examine the null hypothesis that the residuals are homoscedastic. Again, we find that that we cannot reject the null hypothesis at the 1% level, signifying that the residuals of the variables are homoscedastic and that they are independent of one another at the 1% level.

⁸ The optimum lag length is chosen based on the Schwarz Information Criterion and Hannan-Quinn Information Criterion.

4.8 Parameter stability

Testing the parameter stability of the money demand function provides policymakers with the evidence to support or oppose the rationale for using money targeting as a monetary policy instrument. In accordance with other studies, we use the CUSUM and CUSUMSQ tests to assess the stability of the Solomon Islands' money demand function based on RM1 and RM2 estimates. Both tests have a null hypothesis of no sudden shift in the model. A function is deemed stable if the CUSUM and CUSUMSQ statistics remain within the 5% critical bounds. We find that we are unable to reject the null hypothesis that there is no sudden shift in the model and conclude that the parameters for the short-dynamics and the long-run of real money demand (RM1 and RM2) in the Solomon Islands are stable. This is reflected in Figures 2 and 3 where the parameters of the model are well situated between the two boundaries of 5% significance level.

5. Conclusion and policy recommendations

Figure 2: CUSUM and COSUMSQ test results for RM1

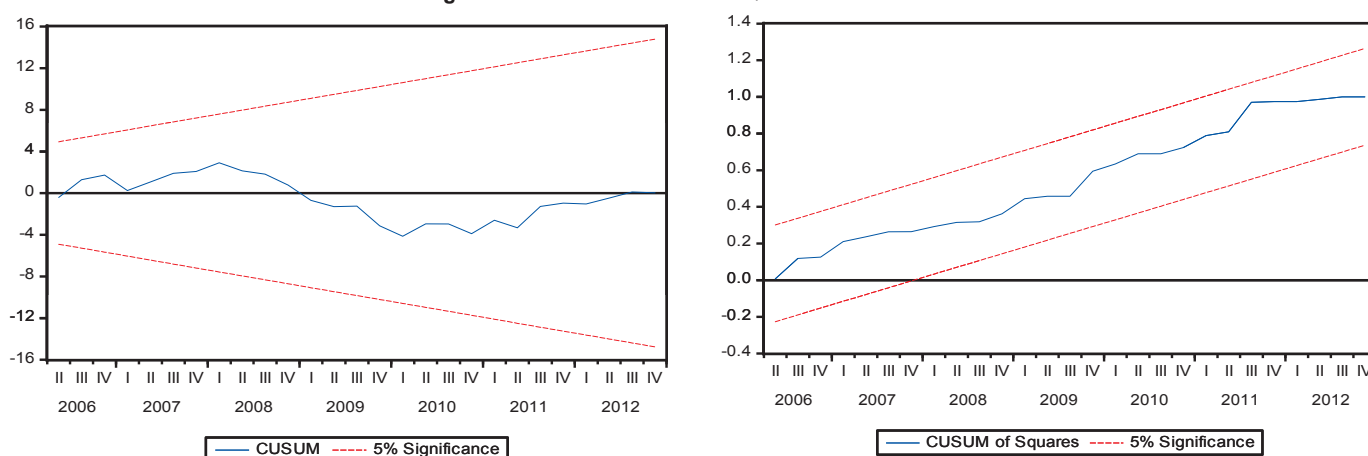
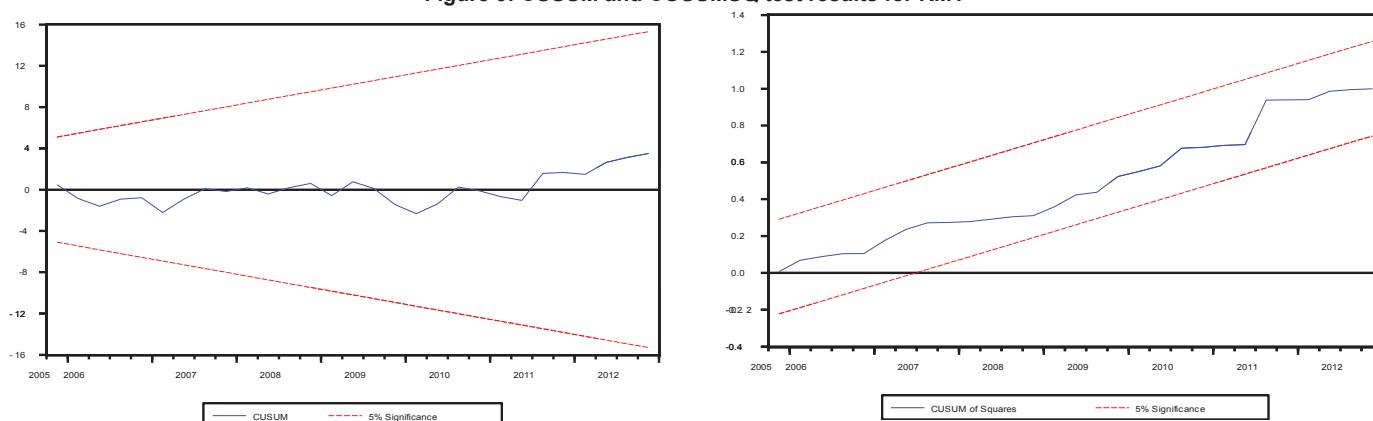


Figure 3: CUSUM and COSUMSQ test results for RM1



Estimating the money demand function is a pre-requisite for conducting effective monetary policy. A stable money demand relationship argues for the existence of a predictable channel such that monetary policy, aimed at controlling money supply, will achieve price stability through demand management.

The aim of this paper was to estimate a money demand function for the Solomon Islands for the period 2002-2012. Our findings are: 1) money demand is cointegrated with its determinants, namely, real GDP, the real effective exchange rate, short-term domestic interest rate and short-term foreign interest rate; 2) in the long-run, all variables are correlated with money demand although not all variables are statistically significant in the short run; 3) only the foreign interest rate was found to Granger cause money demand; 4) the speed of adjustment in money demand to any shock was found to be 37% and 41% for each quarter when using and as dependent variables, respectively; and 5) the Solomon Islands exhibited a stable money demand function both in terms of and during the period. This is consistent with Kumar (2010), who also found a stable money demand relationship for the Solomon Islands.

The policy implication emerging from our study is that there is evidence to support the notion of implementing money targeting as opposed to inflation targeting in the Central Bank of Solomon Islands' efforts to combat inflation. How-

ever, although we find that a stable money demand function for Solomon Islands, it is also important to understand the effectiveness of monetary policy in Solomon Islands in the CBSI's ability to influence money supply. Further work on understanding the monetary policy transmission mechanism would help to provide this. Finally, considerations regarding data limitations require the CBSI to proceed with some caution. The analysis could be improved by extending the time series through applying structural breaks to take account of the period during the ethnic tension period that occurred at the end of 1990's.

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TABLE 1.1a DEPOSITORY CORPORATIONS SURVEY

TABLE 1.14: DEBITORS' CLAIMS ON FINANCIAL CORP.													(SBD'000)
Period	Net Foreign Assets			Domestic Claims									
	Claims on Non Residents	Liabilities to Non Residents	Total	Net Claims on Central Gov't			Claims on Other Financial Corp.	Claims on State and Local Gov't	Claims on Other Sector		Total	Total Domestic Claims	
				Claims on Central Gov't	Liabilities to Central Gov't	Total			Claims on Public non Financial Corp.	Claims on Private Sector			
2010	2,284	-291	1,994	238	-546	-308	12	0.0	0.0	1,166	1,179	871	
2011	3,201	-335	2,866	205	-1,070	-866	12	0.0	0.0	1,222	1,234	368	
2012	3,790	-365	3,425	148	-1,190	-1,041	13	0.4	36	1,271	1,320	278	
2013	4,139	-355	3,784	124	-1,451	-1,327	13	0.0	32	1,465	1,510	183	
2011													
Mar	2,502	-259	2,243	236	-616	-380	12	0.2	0.0	1,128	1,141	761	
Jun	2,852	-275	2,577	229	-919	-691	12	0.0	0.1	1,171	1,184	493	
Sep	2,921	-286	2,635	213	-946	-732	12	0.0	0.2	1,137	1,150	417	
Dec	3,201	-335	2,866	205	-1,070	-866	12	0.0	0.0	1,222	1,234	368	
2012													
Mar	3,444	-355	3,089	198	-1,209	-1,011	13	0.0	0.0	1,209	1,222	211	
Jun	3,723	-366	3,358	175	-1,304	-1,129	13	0.1	0.0	1,209	1,222	93	
Sep	3,846	-353	3,493	151	-1,264	-1,113	12	0.0	3	1,230	1,245	133	
Dec	3,790	-365	3,425	148	-1,190	-1,043	13	0.4	36	1,271	1,320	278	
2013													
Mar	3,869	-346	3,523	141	-1,298	-1,157	13	0.4	39	1,361	1,414	257	
Jun	3,986	-334	3,652	131	-1,552	-1,422	13	0.03	38	1,398	1,449	27	
Sep	4,072	-354	3,718	133	-1,450	-1,317	13	0.41	37	1,421	1,470	21	
Dec	4,139	-355	3,784	124	-1,451	-1,327	13	0.00	32	1,465	1,510	183	
2014													
Jan	4,087	-377	3,710	117	-1,419	-1,302	13	0.04	35	1,463	1,512	210	
Feb	4,077	-343	3,735	118	-1,392	-1,274	13	0.04	32	1,485	1,530	256	
Mar	4,190	-339	3,851	117	-1,493	-1,376	13	0.31	32	1,494	1,539	163	

*Part of this table is continued on the next page.
Source: Central Bank of Solomon Islands

TABLE 1.1b DEPOSITORY CORPORATIONS SURVEY

Period	Broad Money Liabilities				Total	Deposits excluded from M3	Securities other than shares excluded from M3	Shares and other equity	Other Items (Net)
	Currency Outside Depository Corp.	Transferable De- posits	Other Deposits	Securities other than shares					
2010	412	892	771	0	2,075	0.26	57	875	-142
2011	481	1,392	737	0	2,610	0.26	42	750	-168
2012	533	1,863	668	0	3,064	0.39	12	840	-214
2013	531	2,167	746	0	3,445	0.55	12	748	-238
2010	317	839	700	0	1,857	0.25	49	755	-162
Mar	328	861	723	0	1,912	0.25	57	724	-158
Jun	334	915	709	0	1,958	0.26	52	822	-109
Dec	412	892	771	0	2,075	0.26	57	875	-142
2011	418	1,124	675	0	2,217	0.26	45	889	-147
Mar	439	1,239	687	0	2,365	0.26	44	785	-124
Jun	434	1,340	662	0	2,435	0.26	44	690	-116
Dec	481	1,392	737	0	2,610	0.26	42	749	-168
2012	480	1,428	723	0	2,631	0.38	24	793	-149
Mar	503	1,723	697	0	2,923	0.39	12	713	-199
Jun	489	1,811	678	0	2,978	0.39	12	794	-159
Dec	533	1,863	668	0	3,064	0.39	12	840	-214
2013	511	1,941	661	0	3,113	0.54	12	834	-181
Mar	493	1,920	743	0	3,156	0.55	12	704	-195
Jun	474	2,066	726	0	3,266	0.55	12	754	-160
Dec	531	2,167	746	0	3,445	0.55	12	748	-238
2014	513	2,157	729	0	3,399	0.45	12	705	-197
Jan	510	2,138	723	0	3,371	0.45	12	757	-150
Mar	457	2,097	845	0	3,399	0.45	12	813	-210

Source: Central Bank of Solomon Islands

TABLE 1.2a CENTRAL BANK SURVEY *

Period	Net Foreign Assets				Claims on Other Depository Corp	Net Claims on Central Gov't			Claims on other Sectors				Total
	Claims on Non residents		Liabilities to Non residents	Total		Claims on Central Gov't	Liabilities to Central Gov't	Total	Claims on Financial Corp	Claims on State and local Gov't	Claims on Public Non Financial Corp	Claims on Private Sector	
	Claims on Non residents												
2008	716	-9		708	33	138	-190	-52	12	0	0	4	16
2009	1,177	-126		1,051	29	124	-201	-77	12	0	0	4	17
2010	2,144	-202		1,942	46	117	-479	-361	12	0	0	4	16
2011	3,034	-255		2,778	46	103	-941	-838	12	0	0	5	17
2012	3,668	-255		3,413	45	82	-1028	-946	12	3	0	6	21
2013	3,909	-257		3,651	98	75	-1239	-1,165	12	0	0	7	19
2011													
Mar	2,309	-205		2,104	18	118	-491	-373	12	0	0	4	16
Jun	2,600	-195		2,405	13	111	-750	-639	12	0	0	4	16
Sep	2,702	-222		2,480	5	105	-781	-675	12	0	0	4	17
Dec	3,034	-255		2,778	46	103	-941	-838	12	0	0	5	17
2012													
Mar	3,280	-256		3,024	1	101	-1026	-925	12	0	0	5	17
Jun	3,507	-251		3,256	32	91	-1092	-1,001	12	0	0	5	17
Sep	3,656	-253		3,403	21	84	-1091	-1,007	12	0	0	5	17
Dec	3,668	-255		3,413	45	82	-1028	-946	12	3	0	6	21
2013													
Mar	3,649	-249		3,400	10	80	-1161	-1,080	12	0	0	6	18
Jun	3,742	-249		3,494	30	79	-1346	-1,267	12	0	0	6	18
Sep	3,781	-257		3,524	0	78	-1275	-1,197	12	0	0	7	19
Dec	3,909	-257		3,651	98	75	-1239	-1,165	12	0	0	7	19
2014													
Jan	3,875	-260		3,614	8	74	-1,228	-1,154	12	0	0	7	19
Feb	3,881	-261		3,620	5	74	-1,225	-1,151	12	0	0	7	19
Mar	3,957	-261		3,696	5	73	-1,306	-1,233	12	0	0	7	19

*Part of this table is continued on the next page

Source: Central Bank of Solomon Islands

TABLE 1.2b CENTRAL BANK SURVEY

Period	Monetary Base				Other Liabilities to Other Depository Corp	Deposits included in M3	Deposits and Securities Other Than Shares			Shares and Other Equity	Other Items (Net)	
	Currency in Circulation	Liabilities to Other Depository	Liabilities to Other Sectors	Total			Securities Other Than Shares	Deposits Excluded from M3	Securities Other than Shares Excluded from			
2010	436	822	5	1,263	1	0.3	0	0.3	57	62	384	-63
2011	526	1,126	7	1,660	201	25	0	0.3	42	43	153	-76
2012	599	1,447	9	2,054	357	0.3	0	0.3	12	37	228	-123
2013	603	1,424	7	2,034	602	4	0	0.5	12	16	80	-129
2010	339	444	2	784	1	0.3	0	0.3	49	49	318	-50
Mar	359	563	4	925	8	0.3	0	0.3	57	57	280	-59
Jun	358	769	3	1,130	8	0.3	0	0.3	52	53	361	-62
Sep	436	822	5	1,263	1	0.3	0	0.3	57	57	384	-63
Dec												
2011	449	908	4	1,360	41	0.3	0	0.3	44	45	385	-65
Mar	475	928	8	1,410	151	0.3	0	0.3	42	43	258	-67
Jun	470	1,002	3	1,475	241	0.2	0	0.3	44	45	136	-71
Sep	526	1,126	7	1,660	201	25	0	0.3	42	43	153	-76
Dec												
2012	515	1,213	8	1,737	241	25	0	0.3	24	24	178	-87
Mar	543	1,398	12	1,95	273	25	0	0.3	13	37	123	-82
Jun	537	1,443	6	1,987	321	25	0	0.3	12	37	173	-84
Sep	599	1,447	9	2,054	357	0.3	0	0.3	12	37	228	-123
Dec												
2013	553	1,204	6	1,763	501	0.3	0	0.4	12	13	198	-128
Mar	540	1,259	8	1,807	537	3	0	0.4	12	15	44	-128
Jun	530	1,299	8	1,836	527	3	0	0.4	12	15	101	-134
Sep	603	1,424	7	2,034	602	4	0	0.5	12	16	80	-129
Dec												
2014	563	1,336	7	1,906	667	5.3	0	0.5	12	18	31	-135
Jan	564	1,277	5	1,846	707	4.5	0	0.5	12	17	53	-131
Feb	513	1,263	9	1,785	707	4.5	0	0.5	12	17	126	-148
Mar												

Source: Central Bank of Solomon Islands

TABLE 1.3a OTHER DEPOSITORY CORPORATIONS *

Period	Net Foreign Assets		Claims on Central Bank				Net Claims on Central Gov't			(SBD '000)	
	Claims on Non residents	Liabilities to Non residents	Total	Currency	Reserve deposits & securities other than shares	Other Claims on Central Bank	Total	Claims on Central Gov't	Liabilities to Central Gov't	Total	Claims on Other Financial Corp.
2010											
2010	141	-89	52	25	822	1	848	121	-68	53	0
2011	167	-80	87	45	1,126	199	1,371	101	-129	-28	0
2012	122	-110	12	66	1,446	357	1,870	66	-163	-97	1
2013	231	-98	133	71	1,423	602	2,097	50	-212	162	0
2010											
2010	241	-104	137	22	444	1	466	112	-49	63	0
2011	218	-116	102	30	562	8	600	113	-89	24	0
2012	174	-110	64	24	769	8	800	117	-55	62	0
2013	141	-89	52	25	822	1	848	121	-68	53	0
2011											
2011	193	-54	139	30	908	41	980	119	-125	-7	0
2012	252	-80	172	35	928	151	1,115	118	-169	-51	0
2013	219	-64	155	37	1,002	241	1,280	108	-165	-57	0
2013	167	-80	87	45	1,126	199	1,371	101	-129	-28	0
2012											
2012	164	-99	65	35	1,215	241	1,491	96	-182	-86	1
2013	216	-115	102	40	1,400	273	1,712	84	-212	-128	1
2013	190	-101	90	48	1,443	321	1,813	67	-172	-106	0
2013	122	-110	12	66	1,446	357	1,870	66	-163	-97	1
2013											
2013	220	-97	123	42	1,202	501	1,745	60	-137	-77	1
2014	244	-86	159	47	1,273	536	1,856	52	-207	-155	1
2014	292	97	195	55	1,299	527	1,881	55	-175	-120	1
2014	231	-98	133	71	1,423	602	2,097	50	-212	162	0
2014											
2014	212	-116	96	50	1,336	667	2,053	44	-191	-148	1
2014	196	-82	114	54	1,277	707	2,039	44	-167	-123	1
2014	233	-78	155	56	1,264	707	2,027	44	-187	-143	1

* Part of this table is continued on the next page

TABLE 1.3b OTHER DEPOSITORY CORPORATIONS

Period	Claims on Other Sectors				Liabilities to Central Bank	Transferable Deposits Included in Broad Money	Other Deposits Included in Broad Money	Securities other than Shares Included in Broad Money	Deposits Excluded from Broad Money	Shares and other Equity	Other Items (Net)
	Claims on State and Local Gov't	Claims on Public Non Financial Corp	Claims on Private Sector	Total							
2008	0	0	1,272	1,273	33	738	572	0	0.0	340	6
2009	0	0	1,220	1,220	29	816	703	0	0.0	327	-12
2010	0	0	1,163	1,163	46	887	771	0	0.0	491	-80
2011	0	0	1,216	1,217	46	1,360	737	0	0.0	597	-93
2012	0	36	1,266	1,303	45	1,854	668	0	0.0	612	-91
2013	0	32	1,458	1,491	98	2,156	746	0	0.0	667	-109
2010											
Mar	0	0.1	1,222	1,222	27	838	700	0	0.0	437	-113
Jun	0	0.0	1,215	1,215	19	857	723	0	0.0	442	-101
Sep	0	0.0	1,115	1,115	6	912	709	0	0.0	462	-48
Dec	0	0.0	1,163	1,163	46	887	771	0	0.0	491	-80
2011											
Mar	0	0.0	1,124	1,125	18	1,119	675	0	0.0	504	-81
Jun	0	0.1	1,167	1,167	13	1,231	687	0	0.0	529	-57
Sep	0	0.2	1,133	1,133	5	1,336	662	0	0.0	554	-46
Dec	0	0.0	1,216	1,217	46	1,360	737	0	0.0	597	-93
2012											
Mar	0	0.0	1,204	1,205	1	1,395	723	0	0.1	615	-60
Jun	0	0.0	1,204	1,205	32	1,686	697	0	0.1	591	-116
Sep	0	3	1,225	1,228	21	1,780	678	0	0.1	622	-75
Dec	0	36	1,266	1,303	45	1,854	668	0	0.1	612	-91
2013											
Mar	0.4	39	1,356	1,396	8	1,935	661	0	0.1	67	-54
Jun	0.0	38	1,392	1,431	30	1,909	743	0	0.1	660	-53
Sep	0.4	37	1,414	1,452	0	2,055	726	0	0.1	653	-27
Dec	0	32	1,458	1,491	98	2,156	746	0	0.1	667	-109
2014											
Jan	0	35	1,456	1,493	9	2,145	729	0	0.0	674	-62
Feb	0	32	1,479	1,512	5	2,128	723	0	0.0	704	-19
Mar	0.3	32	1,487	1,520	5	2,083	845	0	0.0	688	-62

Source: Central Bank of Solomon Islands

TABLE 1.4a - SECTORAL DISTRIBUTION OF COMMERCIAL BANK CREDIT OUTSTANDING *

Period	Agriculture	Forestry	Fisheries	Mining & Quarrying	Manufacturing	Construction	Transport	Telecommunications	Distribution	Tourism
										(SBD'000)
2009	21,230	121,749	55,020	1,405	108,101	110,567	48,714	134,286	180,925	60,602
2010	7,305	84,079	6,677	1,376	70,169	148,841	48,848	93,313	182,508	68,854
2011	10,444	47,344	3,073	6,703	63,115	168,619	59,262	89,397	175,528	78,291
2012	27,204	48,049	3,818	5,119	57,055	189,722	62,509	107,372	165,600	80,149
2013	41,652	39,880	2,950	106	54,056	181,934	72,267	139,640	211,883	103,360
2009	24,922	128,999	32,219	3,357	149,085	63,141	49,436	189,186	202,638	62,880
Mar	26,111	126,779	64,170	1,725	108,829	78,668	71,204	177,075	205,158	76,069
Jun	26,414	113,878	63,966	1,591	101,868	102,786	65,407	94,223	197,452	61,453
Sep	21,230	121,749	55,020	1,405	108,101	110,567	48,714	134,286	180,925	60,602
Dec										
2010	9,264	102,446	56,221	1,332	80,589	106,310	39,928	129,890	172,888	62,369
Mar	6,728	98,612	56,030	1,819	79,199	133,678	45,135	126,356	175,294	61,427
Jun	7,601	96,386	5,141	1,425	68,395	141,320	40,431	85,785	178,512	64,056
Sept	7,305	84,079	6,677	1,376	70,169	148,841	48,848	93,313	182,508	68,854
Dec										
2011	9,020	68,939	1,195	638	67,415	136,056	43,000	90,564	190,484	67,737
Mar	9,375	46,605	5,051	1,450	59,947	142,591	45,781	99,300	209,270	63,703
Jun	9,640	46,476	305	6,038	57,086	143,617	51,117	108,010	173,324	81,159
Sep	10,444	47,344	3,073	6,703	63,115	168,619	59,262	89,397	175,528	78,291
Dec										
2012	15,377	47,312	500	8,099	62,484	165,470	89,352	100,197	206,068	78,937
Mar	19,884	46,981	1,637	6,488	58,013	173,760	64,219	89,705	181,115	72,872
Jun	22,149	47,619	4,168	5,311	58,707	179,297	61,631	111,732	159,322	74,087
Sep	27,204	48,049	3,818	5,119	57,055	189,722	62,509	107,372	165,600	80,149
Dec										
2013	27,720	45,423	3,835	2,844	67,000	193,421	65,374	144,595	172,895	82,200
Mar	32,974	25,931	3,670	174	55,500	191,773	67,806	158,848	199,812	73,732
Jun	39,693	41,877	3,319	163	52,501	184,961	62,157	148,949	210,834	96,775
Sep	41,652	39,880	2,950	106	54,056	181,934	72,267	139,640	211,883	103,360
Dec										
2014	42,089	30,842	2,814	200	51,604	180,315	69,641	138,905	217,350	102,494
Jan	42,216	24,829	2,682	3,065	51,503	178,599	70,946	145,519	228,068	102,563
Feb	43,100	25,343	2,549	2,171	53,274	159,030	68,152	137,774	234,975	102,064
Mar										

* Part of this table is continued on the next page

Source: Central Bank of Solomon Islands

TABLE 1.4b - SECTORAL DISTRIBUTION OF COMMERCIAL BANK CREDIT OUTSTANDING

Period	Entertainment and Catering	Central Government	Provincial Assemblies & Local government	Statutory Corporations	Private Financial Institutions	Professional & Other Services	Personal	Non Resident	Grand TOTAL
									(SBD'000)
2009	3,747	203	769	0	62	44,367	302,510	3,560	1,194,259
2010	8,450	0	1	1	82	55,724	299,080	152	1,075,460
2011	13,469	2	-	98	151	63,466	310,280	151	1,089,391
2012	16,090	3	433	35,763	99	68,783	374,710	202	1,242,680
2013	12,165	-	0	32,275	4,730	67,063	471,918	137	1,436,016
2009	2,212	279	565	0	641	59,381	274,548	3,269	1,187,337
2010	2,578	298	349	6	561	54,046	280,026	3,479	1,180,483
2011	3,478	205	237	0	361	49,827	295,726	3,666	1,211,116
2012	3,747	203	769	0	62	44,367	302,510	3,560	355,218
2010	8,358	2,446	42	-	42	71,355	330,560	164	1,174,202
2011	7,295	392	-	-	93	65,891	308,229	128	1,166,306
2012	8,329	1,128	162	-	93	62,797	305,298	158	1,067,018
2013	8,450	0	-	1	82	55,724	299,080	152	1,075,460
2011	8,816	168	194	182	76	67,278	304,413	211	1,056,386
2012	8,700	1	8	269	2,493	63,848	306,929	220	1,065,541
2013	14,246	0	-	108	154	59,330	310,110	140	1,061,861
2014	13,469	2	-	98	151	63,466	310,280	151	1,089,391
2012	12,659	0	0	424	79	63,521	312,252	89	1,170,179
2013	16,561	0	0	370	191	67,591	332,389	152	1,131,928
2014	16,051	8	0	2,926	99	69,117	358,022	320	1,171,133
2015	16,090	3	433	35,763	99	68,783	374,710	202	1,242,680
2013	15,963	0	392	38,799	97	65,974	403,395	222	1,330,149
2014	16,058	2	1	38,090	94	67,865	416,057	269	1,348,657
2015	12,958	3,128	400	36,671	89	70,543	434,480	362	1,399,860
2016	12,165	-	0	32,275	4,730	67,063	471,918	137	1,436,016
2014	11,880	4	0	34,384	97	89,176	466,243	134	1,438,172
2015	12,019	1	0	32,130	87	83,293	480,732	130	1,458,382
2016	11,534	0	284	32,311	95	97,252	496,792	304	1,467,004

Source: Central Bank of Solomon Islands

TABLE 1.5. - OTHER DEPOSITORY CORPORATIONS LIQUID ASSETS POSITION

Period	ELIGIBLE RESERVE ASSETS				REQUIRED RESERVE ASSETS		OTHER LIQUID ASSETS		SURPLUS/DEFECIT) (SBD/000)
	Till Cash	Balance with CBSI		Government Securities	Total	ASSETS		CBSI Securities	
2009	20,176	389,342	-	-	389,342	114,942	-	-	274,399
2010	24,938	822,373	-	-	822,373	125,592	-	-	696,781
2011	45,287	1,125,909	-	-	1,125,909	159,355	199,853		962,086
2012	65,908	1,446,449	-	-	1,446,449	198,622	355,873		1,250,687
2013	71,017	1,423,681	-	-	1,423,681	217,611	599,817		1,206,070
2009									
Mar	18,939	174,771	-	-	174,771	97,369	-	-	77,402
Jun	21,710	157,684	-	-	157,684	101,923	-	-	55,761
Sep	21,291	271,025	-	-	271,025	104,676	-	-	166,349
Dec	20,839	389,342	-	-	389,342	114,942	-	-	274,399
2010									
Mar	21,739	443,693	-	-	443,693	120,600	-	-	323,093
June	30,448	562,559	-	-	562,559	126,096	-	-	436,463
Sep	23,648	768,942	-	-	768,942	127,038	-	-	641,904
Dec	24,584	822,373	-	-	822,373	128,702	-	-	693,671
2011									
Mar	30,446	907,775	-	-	907,775	138,863	39,969		768,912
Jun	35,337	927,606	-	-	927,606	151,329	149,885		776,277
Sep	36,566	1,001,749	-	-	1,001,749	157,533	239,816		844,216
Dec	45,287	1,125,909	-	-	1,125,909	163,823	199,853		962,086
2012									
Mar	34,499	1,213,354	-	-	1,213,354	170,533	240,094		1,040,446
Jun	39,601	1,398,291	-	-	1,398,291	186,213	239,985		1,211,532
Sep	48,029	1,445,543	-	-	1,445,543	194,174	319,859		1,248,899
Dec	65,908	1,446,449	-	-	1,446,449	198,622	355,873		1,250,687
2013									
Mar	41,100	1,204,330	-	-	1,204,330	202,337	499,832		1,001,992
Jun	46,298	1,258,565	-	-	1,258,565	209,570	534,784		1,048,996
Sep	55,289	1,298,608	-	-	1,298,608	208,632	524,783		1,089,977
Dec	71,017	1,423,681	-	-	1,423,681	217,611	599,817		1,206,070
2014									
Jan	49,694	1,336,310	-	-	1,336,310	227,974	664,747		1,108,336
Feb	53,849	1,250,041	-	-	1,250,041	219,660	704,726		1,030,381
Mar	55,658	1,263,651	-	-	1,263,651	226,899	704,829		1,036,752

Note: As of November 2008, till cash no longer considered as liquid asset.

Source: Central Bank of Solomon Islands

TABLE 1.6 - OTHER DEPOSITORY CORPORATIONS CLEARING

Period	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	(SBD'000)	
												Dec.	
2005													
Value	272.86	217.94	275.33	282.66	272.47	213.47	304.45	257.39	304.19	273.86	254.14	282.05	
Daily Average	12.40	10.89	11.97	14.13	12.99	10.17	16.91	11.19	13.83	13.04	11.55	13.43	
2006													
Value	295.86	241.72	309.30	295.73	310.04	286.70	384.64	290.08	233.60	276.1	338.05	382.26	
Daily Average	13.45	12.09	13.45	18.48	13.49	14.34	19.23	12.61	11.12	12.55	14.70	20.11	
2007													
Value	390.08	284.84	349.43	300.38	367.52	315.32	311.17	469.476	98.4	399.0	416.3	469.0	
Daily Average	17.73	14.24	15.88	16.69	15.98	15.77	14.14	20.412	4.92	17.3	18.1	22.3	
2008													
Value	453.42	308.4	351.6	351.6	405.4	426.04	475.6	641.2	463.6	375.86	474.1	499.58	
Daily Average	20.61	15.42	17.58	17.58	20.27	21.30	23.78	32.06	23.18	18.79	23.7	24.98	
2009													
Value	543.90	352.00	422.00	373.76	498.76	402.21	495.77	412.93	474.00	576.52	404.33	553.81	
Daily Average	25.9	17.6	21.1	19.7	20.0	20.3	21.2	20.51	20.6	23.6	16.7	30.0	
2010													
Value	453.10	435.33	488.14	496.52	511.37	471.5	602.82	445.06	681.72	649.03	485.38	680.83	
Daily Average	26.55	20.93	24.01	23.91	26.06	23.75	24.23	23.66	36.96	25.52	23.83	32.9	
2011													
Value	493.37	496.78	524.21	672.13	545.74	650.54	589.39	660.31	743.77	596.73	585.61	841.81	
Daily Average	27.13	25.21	27.18	22.84	20.39	37.73	28.7	32.8	29.11	29.27	28.78	34.11	
2012													
Value	576.01	481.12	457.87	580.17	657.48	898.72	749.46	833.07	731.78	714.08	811.74	780.58	
Daily Average	34.08	22.03	27.04	28.94	31.77	40.24	38.20	32.74	35.57	35.17	35.59	20.74	
2013													
Value	670.65	704.11	841.03	689.33	1001.90	1110.47	736.10	997.10	779.63	913.33	815.83	923.61	
Daily Average	40.75	36.59	32.18	33.03	39.81	53.5	35.8	37.31	36.31	35.60	37.20	45.29	
2014													
Value	897.78	830.84	1034.48										
Daily Average	47.11	32.76	37.24										

Source: Central Bank of Solomon Islands.

TABLE 1.7 - DETAILS OF CURRENCY IN CIRCULATION

Period	(1) Total Currency in Circulation Outside CBSI	(2) Currency held in ODCs	(3) Currency in active Circulation (1-2)	(SBD'000)
2009	326,063	20,839	305,224	
2010	436,414	24,584	411,830	
2011	526,446	45,287	481,159	
2012	599,212	66,382	533,830	
2013	602,516	71,017	531,499	
<u>2010</u>				
Mar	338,762	21,739	317,023	
Jun	358,477	30,448	328,029	
Sep	357,648	23,648	334,000	
Dec	436,414	24,584	411,830	
<u>2011</u>				
Mar	448,824	30,446	418,378	
Jun	474,750	35,337	439,413	
Sep	470,140	36,566	433,574	
Dec	526,446	45,287	481,159	
2012				
Mar	515,441	34,977	480,463	
Jun	542,967	39,601	503,366	
Sep	537,150	48,029	489,122	
Dec	599,212	66,382	532,830	
<u>2013</u>				
Mar	552,828	41,574	511,254	
Jun	540,246	46,772	493,474	
Sep	529,500	55,289	474,211	
Dec	602,516	71,017	531,499	
<u>2014</u>				
Jan	562,948	49,694	513,254	
Feb	564,093	53,849	510,244	
Mar	513,329	55,658	457,671	

Note : ODCs includes Credit Unions

Source: Central Bank of Solomon Islands

TABLE 1.8 - VALUE OF CURRENCY IN CIRCULATION BY DENOMINATION ISSUED BY CENTRAL BANK

(SBD/000)

Period	NOTES							COINS							TOTAL	TOTAL NOTES & COINS		
	\$100	\$50	\$20	\$10	\$5	\$2	TOTAL	\$2	5c	10c	20c	50c	1c					
2009	231587	51295	10532	11384	5344	6528	316670			7979	3949	4435	3010	928	151	116	20568	337238
2010	336470	50341	13343	11560	5981	7608	425303			4296	2178	2603	1584	473	75	58	11267	436570
2011	416929	53661	15760	12988	7103	7674	514115			4791	2323	3056	1650	477	75	58	12430	526545
2012	489770	53195	15187	12908	7300	6733	585093	1594		4430	2008	2815	1613	473	75	58	11472	596565
2013	506727	47027	16640	13684	7588	4792	596458	6584		3996	711	2184	373	0	0	0	13848	610306
<u>2010</u>																		
Mar	248537	45067	11291	11175	5352	6616	328038			4130	2111	2448	1583	470	75	58	10875	338913
Jun	268229	44119	12318	11080	5522	7033	348301			4179	2131	2495	1582	471	75	58	10991	359292
Sep	265294	45217	12400	10856	5542	7303	346612			4253	2157	2558	1584	471	75	58	11156	357768
Dec	336470	50341	13343	11560	5981	7608	425303			4296	2178	2603	1584	473	75	58	11267	436570
<u>2011</u>																		
Mar	348559	49505	14092	11859	6129	7524	437668			4352	2198	2655	1589	474	75	58	11401	449069
Jun	370314	51816	14870	12464	6510	7332	463306			4489	2241	2774	1614	475	75	58	11726	475032
Sep	367541	48791	15073	12566	6796	7523	458290			4648	2284	2930	1629	476	75	58	12100	470390
Dec	416929	53661	15760	12988	7103	7674	514115			4791	2323	3056	1650	477	75	58	12430	526545
<u>2012</u>																		
Mar	410158	51234	14759	12244	6918	7696	503009			4884	2340	3149	1659	477	75	58	12642	515651
Jun	431438	53558	15891	12800	7227	8060	528974			4946	2351	3199	1664	477	75	58	12770	541744
Sep	430867	50675	15368	12624	7149	7530	524213			6240	3234	4880	1711	476	76	58	16675	540888
Dec	489770	53195	15187	12908	7300	6733	585093	1594		4430	2008	2815	1613	473	75	58	11472	596565
<u>2013</u>																		
Mar	453361	46388	15053	12715	7223	6032	540772	3013		2006	454	1288	256	0	0	0	7017	547790
Jun	441162	40524	16321	13551	7683	5599	524840	4503		2928	574	1743	316	0	0	0	10064	534904
Sep	447305	35692	16718	13541	7625	5150	526031	5754		3601	660	2037	355	0	0	0	12407	538438
Dec	506727	47027	16640	13684	7588	4792	596458	6584		3996	711	2184	373	0	0	0	13848	610306
<u>2014</u>																		
Jan	469579	44961	16397	13547	7539	4692	556715	6696		4052	717	2192	374	0	0	0	14031	570746
Feb	473955	41386	16637	13485	7529	4610	557602	6844		4118	721	2215	375	0	0	0	14273	571875
Mar	491848	40229	17200	13700	7710	4487	575174	7054		4202	742	2238	389	0	0	0	18125	593299

Source: Central Bank of Solomon Islands

TABLE 1.9 - OTHER DEPOSITORY CORPORATIONS INTEREST RATES ON DEPOSITS

T I M E D E P O S I T S																	(%)
Period	SAVINGS DEPOSITS		Up to 3 months		3 months to 6 months		6 months to 1 year		1 year to 2 years		2 years to 3 years		3 years to 5 years		Weighted Ave. rate of Interest on Deposits		
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max			
2009	0.25	2.00	0.75	3.00	1.50	3.50	2.00	3.50	0.00	0.00	0.00	0.00	0.00	0.00	2.65		
2010	0.01	2.50	0.25	11.50	0.25	12.00	0.25	12.00	0.50	13.50	0.50	9.00	0.75	8.00	3.24		
2011	0.01	2.50	0.25	6.00	0.10	6.50	0.25	10.00	0.25	9.50	0.25	8.00	0.00	0.00	1.34		
2012	0.01	2.50	0.05	9.00	0.05	9.00	0.25	9.00	0.25	9.50	0.05	9.00	0.00	0.00	0.65		
2013	0.20	2.50	0.05	3.00	0.05	3.00	0.05	3.50	0.10	3.00	0.25	1.00	0.00	0.00	0.21		
2010	0.25	2.50	0.25	12.50	0.25	12.00	0.50	11.50	0.50	13.50	0.50	5.25	8.00	8.00	3.58		
Mar	0.25	2.50	0.25	12.00	0.25	10.00	0.50	11.50	0.50	13.50	0.50	4.50	8.00	8.00	2.96		
Jun	0.25	2.50	0.25	11.00	0.25	11.50	0.50	12.00	0.50	13.50	0.50	3.50	8.00	9.00	2.82		
Sep	0.01	2.50	0.25	11.50	0.25	12.00	0.25	12.00	0.50	13.50	0.50	9.00	0.75	8.00	3.24		
Dec	0.01	2.50	0.25	11.50	0.25	12.00	0.25	12.00	0.50	13.50	0.50	9.00	0.75	8.00	3.24		
2011	0.25	2.50	0.25	12.00	0.25	12.00	0.25	11.00	0.50	13.50	0.50	8.00	0.75	0.75	2.66		
Mar	0.01	2.50	0.25	12.00	0.25	11.00	0.25	11.00	0.50	13.50	0.50	12.00	0.75	0.75	3.81		
Jun	0.01	2.50	0.25	11.00	0.10	9.50	0.25	9.00	0.25	9.00	0.25	8.00	0.00	0.00	1.49		
Sep	0.01	2.50	0.25	6.00	0.10	6.50	0.25	10.00	0.25	9.50	0.25	8.00	0.00	0.00	1.36		
Dec	0.01	2.50	0.25	6.00	0.10	6.50	0.25	10.00	0.25	9.50	0.25	8.00	0.00	0.00	1.36		
2012	0.01	2.50	0.25	4.50	0.25	9.00	0.25	10.00	0.25	9.50	0.25	3.50	0.00	0.00	1.34		
Mar	0.01	2.50	0.20	9.00	0.25	10.00	0.25	9.00	0.25	9.50	0.25	3.50	0.00	0.00	1.13		
Jun	0.01	2.50	0.05	10.00	0.05	9.00	0.25	9.00	0.25	9.50	0.25	1.50	0.00	0.00	0.69		
Sep	0.20	2.50	0.05	9.00	0.05	9.00	0.05	9.00	0.25	9.50	0.05	9.00	0.00	0.00	0.65		
Dec	0.01	2.50	0.05	9.00	0.05	9.00	0.05	9.00	0.25	9.50	0.05	9.00	0.00	0.00	0.65		
2013	0.01	2.5	0.05	5.00	0.05	9.00	0.05	9.50	0.10	9.00	0.25	2.25	0.00	0.00	0.28		
Mar	0.20	3.00	0.05	9.00	0.05	9.50	0.05	8.00	0.10	9.00	0.25	1.00	0.00	0.00	0.20		
Jun	0.20	2.50	0.05	5.00	0.05	3.00	0.05	3.50	0.10	3.00	0.25	1.00	0.00	0.00	0.20		
Sep	0.20	2.50	0.05	3.00	0.05	3.00	0.05	3.50	0.10	3.00	0.25	1.00	0.00	0.00	0.21		
Dec	0.20	2.50	0.05	3.00	0.05	3.00	0.05	3.50	0.10	3.00	0.25	1.00	0.00	0.00	0.21		
2014	0.01	2.50	0.01	3.00	0.05	3.00	0.05	5.00	0.10	3.00	0.10	3.00	0.00	0.00	0.21		
Jan	0.01	2.50	0.05	3.00	0.05	3.00	0.05	3.50	0.15	5.00	0.25	2.25	0.00	0.00	0.20		
Feb	0.01	2.50	0.01	3.00	0.01	3.50	0.05	3.00	0.20	5.00	0.25	3.00	0.00	0.00	0.18		
Mar	0.01	2.50	0.01	3.00	0.01	3.50	0.05	3.00	0.20	5.00	0.25	3.00	0.00	0.00	0.18		

Source: Central Bank of Solomon Islands

TABLE 1.10 a - OTHER DEPOSITORY CORPORATIONS INTEREST RATES ON LOANS AND OVERDRAFTS *

Period	Manufacturing		Agriculture		Forestry		Fisheries		Mining & Quarrying		Construction		Distribution		Tourism	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
2010																
Mar	9.00	24.50	11.00	24.50	0.00	n.a	16.00	22.00	n.a	n.a	n.a	n.a	7.75	n.a	n.a	n.a
2011																
Jun	8.00	23.00	9.00	23.00	0.00	n.a	10.5	22.00	n.a	n.a	n.a	n.a	5.70	n.a	n.a	n.a
2012																
Jan	8.75	23.00	4.05	23.00	8.50	22.00	14.50	22.00	8.50	14.50	7.00	23.00	4.05	23.00	7.25	23.00
2013																
Dec	8.00	23.00	3.6	23.00	8.50	22.00	14.50	23.00	7.00	22.00	6.75	26.00	4.05	23.00	7.25	23.00
2010																
Mar	10.84	24.34	14.52	24.23	n.a	n.a	10.57	26.00	n.a	n.a	n.a	n.a	6.00	n.a	n.a	n.a
2011																
Jun	10.51	24.37	14.09	25.48	n.a	n.a	4.64	25.95	n.a	n.a	n.a	n.a	6.00	n.a	n.a	n.a
2012																
Sep	9.00	24.50	11.00	24.50	n.a	n.a	4.00	24.50	n.a	n.a	n.a	n.a	7.75	n.a	n.a	n.a
2013																
Dec	9.00	24.50	11.00	24.50	n.a	n.a	16.00	22.00	n.a	n.a	n.a	n.a	7.75	n.a	n.a	n.a
2011																
Mar	4.00	24.50	11.00	24.50	n.a	n.a	0.25	22.00	n.a	n.a	n.a	n.a	7.75	n.a	n.a	n.a
2012																
Jun	9.00	24.50	11.00	24.50	n.a	n.a	4.00	24.50	n.a	n.a	n.a	n.a	7.75	n.a	n.a	n.a
2013																
Sep	10.25	24.50	9.00	24.50	n.a	n.a	16.00	22.00	n.a	n.a	n.a	n.a	7.75	n.a	n.a	n.a
2014																
Dec	8.00	23.00	9.00	23.00	n.a	n.a	10.50	22.00	n.a	n.a	n.a	n.a	5.70	n.a	n.a	n.a
2012																
Mar	4.50	23.00	9.00	23.00	4.50	23.00	0.00	0.00	8.50	17.00	7.00	23.00	5.70	23.00	8.25	23.00
2013																
Jun	8.75	22.00	9.00	23.00	8.50	22.00	22.00	22.00	8.50	22.00	7.00	23.00	6.00	29.00	8.25	23.00
2014																
Sep	8.75	23.00	9.00	20.50	8.50	22.00	14.50	23.00	8.50	22.00	5.95	23.00	4.50	23.00	8.25	23.00
2015																
Dec	8.75	23.00	4.05	23.00	8.50	22.00	14.50	22.00	8.50	19.50	7.00	23.00	4.05	23.00	7.25	23.00
2013																
Mar	8.75	23.00	4.05	23.00	9.00	22.00	14.50	23.00	8.50	19.50	7.00	23.00	4.05	23.00	7.25	23.00
2014																
Jun	8.75	23.00	4.05	23.00	9.00	22.00	14.50	23.00	12.25	22.00	7.00	23.00	4.05	23.00	7.25	23.00
2015																
Sep	8.75	23.00	4.05	23.00	7.50	22.00	14.50	23.00	7.00	22.00	7.00	23.00	4.05	23.00	7.25	23.00
2016																
Dec	8.00	23.00	3.6	23.00	9.00	22.00	14.50	23.00	7.00	17.50	6.75	23.00	4.05	23.00	7.25	23.00
2014																
Jan	8.00	23.00	4.05	27.00	7.50	22.00	14.50	23.00	7.00	22.00	6.75	23.00	4.05	27.00	7.25	25.50
2015																
Feb	8.00	23.00	4.05	27.00	7.50	22.00	14.50	23.00	9.50	27.00	6.75	23.00	4.05	27.00	7.25	25.50
2016																
Mar	6.50	23.00	4.05	27.00	7.50	22.00	14.50	23.00	9.50	27.00	6.75	23.00	4.05	27.00	7.25	22.00

* Part of this table is continued on the next page.

Source: Central Bank of Solomon Islands

TABLE 1.10 b - OTHER DEPOSITORY CORPORATIONS INTEREST RATES ON LOANS AND OVERDRAFTS

Period	Transportation		Communication		Entertainment & Catering		Private Financial Institution		Professional & other Services		Personal		Non-residents	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
2009														
Mar	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	11.70	n.a	n.a	n.a
Jun	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	4.00	n.a	n.a	n.a
Sep	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	3.60	n.a	n.a	n.a
Dec	6.00	23.00	7.00	16.50	9.00	22.00	8.00	10.50	7.00	23.00	3.60	23.00	n.a	n.a
2010	4.05	23.00	6.85	20.50	6.00	22.00	11.50	22.00	4.05	23.00	3.60	34.00	6.20	17.50
2009														
Mar	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	11.70	n.a	n.a	n.a
Jun	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	11.70	n.a	n.a	n.a
Sep	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	11.70	n.a	n.a	n.a
Dec	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	11.70	n.a	n.a	n.a
2010														
Mar	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	3.70	n.a	n.a	n.a
Jun	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	3.70	n.a	n.a	n.a
Sep	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	2.00	n.a	n.a	n.a
Dec	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	4.00	n.a	n.a	n.a
2011														
Mar	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	1.73	n.a	n.a	n.a
Jun	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	1.73	n.a	n.a	n.a
Sep	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	1.73	n.a	n.a	n.a
Dec	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	3.60	n.a	n.a	n.a
2012														
Mar	6.00	23.00	8.50	20.50	9.75	23.00	17.00	22.00	7.00	23.00	3.60	23.00	n.a	n.a
Jun	6.00	23.00	8.50	22.00	9.75	22.00	10.00	19.75	7.00	23.00	3.60	23.00	n.a	n.a
Sep	6.00	22.00	7.00	22.00	9.75	22.00	10.50	10.50	7.00	23.00	3.60	23.00	n.a	n.a
Dec	6.00	23.00	7.00	16.50	9.00	22.00	8.00	10.50	7.00	23.00	3.60	23.00	n.a	n.a
2013														
Mar	8.00	22.00	7.00	16.50	9.00	23.00	11.50	22.00	7.00	29.00	3.60	23.00	6.20	19.50
Jun	8.00	22.00	7.00	16.50	9.00	22.00	11.50	22.00	7.00	23.00	3.60	23.00	6.20	19.75
Sep	8.00	22.00	7.00	19.50	9.00	22.00	11.50	11.50	4.05	23.00	3.60	27.50	9.95	19.50
Dec	4.05	22.00	6.85	20.50	4.05	22.00	11.50	22.00	4.05	23.00	4.05	34.00	15.00	17.50
2014														
Jan	8.00	23.00	6.85	20.50	4.05	22.00	11.50	22.00	4.05	23.00	4.05	34.00	15.00	22.00
Feb	8.00	22.00	6.85	20.50	4.05	22.00	11.50	22.00	4.05	23.00	4.05	33.50	15.00	22.00
Mar	8.00	22.00	6.85	20.50	4.05	27.00	11.50	22.00	4.05	23.00	4.05	33.50	15.00	22.00

Source:: Central Bank of Solomon Islands

TABLE 1.11 - COMPARATIVE TREASURY BILL RATES

Period	Solomon Islands	Fiji	Papua New Guinea	Australia	New Zealand	U.S.A	United Kingdom
							(Percent)
2009	4.00	3.00	6.99	3.69	2.60	0.07	0.41
2010	3.35	3.87	3.23	4.84	3.05	0.13	0.53
2011	2.42	n.a	3.87	4.01	n.a	0.02	0.30
2012	0.66	n.a	1.95	n.a	2.46	0.08	0.25
2013	0.34	0.10	2.52	n.a	2.49	0.07	0.28
2010							
Mar	4.00	3.00	3.91	4.58	3.04	0.15	0.50
Jun	4.00	n.a	4.42	4.56	2.63	0.12	0.48
Sep	3.35	3.93	3.76	4.64	2.98	0.15	0.51
Dec	3.35	3.87	3.23	4.84	3.05	0.13	0.53
2011							
Mar	2.59	3.50	4.27	4.75	2.50	0.11	0.56
Jun	2.60	2.43	4.31	4.74	2.50	0.04	0.52
Sep	2.54	n.a	4.23	4.36	2.40	0.02	0.46
Dec	2.42	n.a	3.87	4.01	na	0.02	0.30
2012							
Mar	2.19	0.80	2.90	4.18	2.43	0.09	0.43
Jun	1.50	n.a	n.a	3.20	2.47	0.09	0.34
Sep	1.00	0.43	2.75	3.35	2.51	0.10	0.25
Dec	0.66	n.a	1.95	n.a	2.46	0.08	0.25
2013							
Mar	0.40	0.20	1.90	2.93	2.35	0.09	0.34
Jun	0.48	0.20	2.16	n.a	2.27	0.05	0.31
Sep	0.39	0.14	2.14	n.a	2.49	0.02	0.29
Dec	0.34	0.10	2.52	n.a	2.49	0.07	0.28
2014							
Jan	0.18	0.34	2.77	n.a	2.68	0.05	0.32
Feb	0.46	0.30	2.95	n.a	2.68	0.06	0.36
Mar	0.51	0.39	3.33	n.a	2.86	0.05	0.39

Source: International Financial Statistics, IMF.

TABLE 1.12 - ASSETS AND LIABILITIES OF CREDIT CORPORATION OF SOLOMON ISLANDS

TABLE III – ASSETS AND LIABILITIES OF CREDIT CO-OPERATION OF SOLOMON ISLANDS												(SBD'000)
A S S E T S						L I A B I L I T I E S						
End of Period	Sl Cash	Treasury Bills	Due from Com. Banks	Loans and Advances	Other Domestic Assets	Foreign Assets	Time Deposits	Due to Com. Bank	Capital and Reserves	Other Liabilities	Foreign Liabilities	TOTAL ASSETS= TOTAL LIABILITIES
2008	1750	-	-	24468	2148	-	11556	-	12274	4536	-	28366
2009	1174	-	3118	20784	2070	-	10757	-	13682	2707	-	28443
2010	2	-	595	28693	3198	-	14596	-	14933	2956	-	26371
2011	2	-	19107	47108	4666	-	40681	-	26600	3602	-	70882
2012	2	-	2262	80741	4122	-	50445	-	30686	5996	-	87127
2013	5	-	9299	102401	4680	-	72302	-	33788	10295	-	116385
2010												
Mar	2	-	3745	20210	4427	-	10704	-	14425	3255	-	28384
Jun	2	-	-	16990	9379	-	8698	-	14695	2978	-	26371
Sep	2	-	4527	19357	2733	-	8826	-	14928	2865	-	26303
Dec	2	-	595	28693	3198	-	14596	-	14933	2959	-	26371
2011												
Mar	2	-	2820	33814	3254	-	20937	-	16328	2625	-	39890
Jun	2	-	2603	35274	3251	-	20922	-	17543	2665	-	41130
Sep	2	-	3458	42265	4548	-	28480	-	18426	3367	-	50274
Dec	2	-	19107	47108	4666	-	40681	-	26600	3602	-	70882
2012												
Mar	2	-	12740	52811	3747	-	39037	-	26076	4187	-	69300
Jun	2	-	887	69671	4779	-	38428	-	31297	5614	-	75339
Sep	2	-	3830	78014	4219	-	44845	-	34053	7167	-	86065
Dec	2	-	2262	80741	4122	-	50445	-	30686	5996	-	87127
2013												
Mar	2	-	7193	87610	4162	-	55274	-	33464	10229	-	98967
Jun	2	-	7935	91590	3738	-	60100	-	35565	7809	-	103474
Sep	5	-	4961	96328	4103	-	60931	-	37774	7092	-	105797
Dec	5	-	9299	102401	4680	-	72302	-	33788	10295	-	116385
2014												
Jan	5	-	10048	103042	4910	-	75434	-	34313	8258	-	118005
Feb	5	-	10265	104529	4839	-	75948	-	36812	6878	-	119638
Mar	5	-	7796	107923	4867	-	76298	-	37345	6948	-	120591

Source: Central Bank of Solomon Islands

TABLE 1.13 - ASSETS AND LIABILITIES OF THE SOLOMON ISLANDS NATIONAL PROVIDENT FUND

A S S E T S															L I A B I L I T I E S					(SBD'000)	
End of Period	Bank	S.I.G					Other Loans					Other Liabilities									
		Cash	Term De-posit	Treas. Bills	Treas. Bonds	Restru. Bonds	Other Bonds	Total	Members	Provin. Govt.	Statut. Author.	Private	Staff Loans	Equity Shares	Fixed Assets	Other Assets	Total Assets	Members Contr.	General Ac.	Reserve Funds	Accum. Funds
2010	1100	472469	8992	51986	35144	32185	128307	17204	-	4753	-	3624	313607	124090	49414	1180719	1037222	40570	81690	21237	1180719
2011	2800	548716	14754	48635	30606	10292	104287	14377	-	4089	-	2767	300648	187155	56339	1324913	1213608	49578	39647	22080	1324913
2012	940	674956	13810	26040	26040	6040	71930	11493	-	74305	-	11493	333685	265364	99474	1555401	1402397	110739	21796	20469	1555401
2013	113	641584	21557	31500	53545	-	106602	9845	-	74528	-	9845	1182885	314509	116932	2467065	1763086	658578	16622	28779	2467065
2010	1100	455814	13070	54515	36937	33541	138063	18778	-	4753	-	3399	273664	120617	55531	1068320	941011	47563	55440	24306	1068320
2011	1100	495514	9239	53535	36269	33095	132138	17975	-	4089	-	3531	259043	122517	52309	1084685	967102	47714	44821	25048	1084685
2012	1100	439478	9894	52971	35709	32627	131201	17657	-	74305	-	3516	295735	122959	57545	1139980	1010165	40500	64916	24399	1139980
2013	1100	472469	8992	51986	35144	32185	128307	17204	-	74528	-	3624	313607	124090	49414	1180719	1037222	40570	81690	21237	1180719
2011	2895	481755	10262	50990	34569	11710	107531	16432	-	100353	-	3567	314047	141635	34292	1198940	1061871	40639	75162	21268	1198940
2012	2800	509003	5860	50009	33944	11226	101039	15841	-	100432	-	3449	299840	148982	84614	1262551	1150935	40297	50430	20889	1262551
2013	2800	539421	8859	49845	31795	10790	101289	15152	-	100510	-	3129	287563	169498	68211	1284444	1180360	49556	32811	21717	1284444
2014	2800	548716	14754	48635	30606	10292	104287	14377	-	110591	-	2767	300648	187155	56339	1324913	1213608	49578	39647	22080	1324913
2012	280	584022	15248	46906	29401	9784	101339	13624	-	127482	-	2551	306364	195258	44694	1373063	1252208	49601	48935	22319	1373063
2013	280	607318	21358	20000	79459	6040	126857	12910	-	97374	-	2361	322286	242142	85829	1494996	1337230	116763	20768	31817	1494996
2014	990	642743	13887	20000	69735	6040	109662	12231	-	97512	-	12231	331897	256780	75687	1527502	1369083	117903	20598	19918	1527502
2015	940	674956	13810	26040	26040	6040	71930	11493	-	97559	-	11493	333685	265364	99474	1555401	1402397	110739	21796	20469	1555401
2013	3549	694483	17396	26040	63332	-	106768	10983	-	97043	-	10983	362930	269804	37444	1583004	1437766	103809	23045	18384	1583004
2014	1321	547008	23509	51500	60442	-	135451	10582	-	96636	-	10582	1184212	303744	135894	2414848	1699395	673515	14407	27531	2414848
2015	4416	608760	20216	31500	57173	-	108889	10261	-	96336	-	10261	1183530	308072	123500	2443764	1731948	668164	14920	28732	2452951
2016	113	641584	21557	31500	53545	-	106602	9845	-	94595	-	9845	1182,885	314,509	116,932	246,7065	1,763,086	658,578	16,622	28,779	246,7065
2014	3	659,597	21,836	31,500	52,440	-	105,776	9,707	-	94,092	-	9,707	1,179,767	314,492	110,466	247,3900	1,780,915	646,354	17,205	29,426	247,3900
2015	520	662,350	23,067	31,500	51,339	-	105,906	9,588	-	93,576	-	9,588	1,181,906	314,839	106,987	247,5672	1,784,569	643,053	17,786	30,264	247,5672
2016	3	679,052	25,808	31,500	50,572	-	107,880	9,447	-	93,021	-	9,447	1,178,571	317,155	157,667	254,2796	1,800,402	692,208	18,373	31,814	2,542,796

Source: Solomon Islands National Provident Fund

TABLE 1.14 - BALANCE OF PAYMENTS & INTERNATIONAL POSITION STATISTICS SUMMARY

	(SBD Million)							
	2013				2014			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
BALANCE OF PAYMENTS SUMMARY								
CURRENT ACCOUNT								
Balance on Trade to Goods								
Exports f.o.b	221	92	35	(1)	(153)	(8)	(41)	35
Imports f.o.b	961	843	949	875	687	819	816	891
	740	751	914	876	840	827	857	856
Balance on Trade in Service								
Services credit	(100)	(147)	(110)	(150)	(157)	(192)	(231)	(258)
Services debit	217	260	261	261	215	240	287	238
	316	407	371	410	373	433	506	425
Balance on Primary Income								
Primary income credit	(96)	(108)	(176)	(141)	(53)	46	(63)	48
Primary income debit	65	50	30	75	35	36	42	83
	160	158	206	216	88	(11)	105	35
Balance on Secondary Income								
Secondary income credit	205	287	143	124	195	318	87	127
Secondary income debit	317	366	219	199	259	383	187	210
	112	79	77	75	64	65	100	83
Balance on Current Account	231	124	(109)	(168)	(168)	163	(248)	(49)
CAPITAL ACCOUNT								
Capital account credit	89	176	200	254	147	199	137	131
Capital account debit	-	-	-	-	-	-	-	-
Balance on Capital Account	89	176	200	254	147	199	137	131
Net Lending(+)/Borrowing(-) from Current & Capital Accounts	319	299	91	87	(21)	362	(112)	82
FINANCIAL ACCOUNT								
Financial assets	302	381	97	(22)	165	351	71	64
Financial liabilities	(168)	197	164	119	73	(203)	263	70
Net Lending(+)/Borrowing(-) from Financial Account	470	184	(67)	(141)	91	554	(192)	(6)
Net errors & omissions	151	(115)	(158)	(228)	112	191	(81)	(88)
Level of Official Reserves at end of period	3,280	3,507	3,656	3,668	3,649	3,742	3,781	3,909
INTERNATIONAL INVESTMENT POSITION								
Net Position	(3,783)	(3,710)	(3,738)	(3,738)	(2,065)	(1,768)	(2,019)	(2,057)
Financial Assets								
Direct Investment	4,341	4,560	4,701	4,712	4,701	4,785	4,774	4,810
Portfolio Investment	249	253	256	264	266	269	362	348
Financial derivatives (other than reserves) and employee stock options	116	117	120	132	124	122	118	114
Other Investments	-	-	-	-	-	-	-	-
Reserve Assets	696	683	669	648	663	652	513	440
	3,280	3,507	3,656	3,668	3,649	3,742	3,781	3,909
Financial Liabilities								
Direct Investment	-	-	-	-	-	-	-	-
Portfolio Investment	8,124	8,271	8,439	8,450	6,766	6,553	6,793	6,868
Financial derivatives and employee stock options	6,454	6,625	6,856	6,973	5,417	5,281	5,483	5,582
Other Investment	-	-	-	-	-	-	-	-
	1,670	1,646	1,583	1,477	1,349	1,272	1,310	1,286

Source: Central Bank of Solomon Islands

TABLE 1.15 - GOODS AND SERVICES ACCOUNTS

	(SBD Million)							
	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GOODS ACCOUNT								
Balance on Trade in Goods	221	92	35	-1	-153	-8	(41)	35
Exports FOB	961	843	949	875	687	819	816	891
General merchandise	683	617	765	708	563	616	670	739
Net exports under merchandising	-	-	-	-	-	-	-	-
Nonmonetary gold	278	225	184	168	123	202	146	152
Imports FOB	740	751	914	876	840	827	857	856
General merchandise	740	751	914	876	840	827	857	856
Nonmonetary gold	-	-	-	-	-	-	-	-
SERVICES ACCOUNT								
Balance on Trade in Services	-100	-147	-110	-150	-157	-192	-231	-258
Services Credit	217	260	261	261	215	240	274	287
Manufacturing services on physical imports owned by others	-	-	-	-	-	-	-	-
Maintenance and repair services n.i.e	-	-	-	-	-	-	-	-
Transport	56	57	58	58	49	55	56	50
Sea transport	21	20	22	21	3	6	5	6
Air transport	35	37	36	37	45	49	51	44
Travel	94	147	131	120	121	129	144	154
Business	45	56	49	48	52	48	61	60
Personal	49	91	82	72	69	81	84	94
Telecommunication, computer and information services	5	6	6	8	6	6	6	8
Construction	3	1	1	1	1	1	3	13
Insurance and pension services	-	-	-	0	0	0	0	0
Financial services	7	12	19	25	1	1	0	1
Charges for the use of intellectual property	1	1	-	0	3	2	2	2
Other business services	-	-	-	0	31	40	56	56
Personal, cultural, and recreational services	26	33	43	46	2	1	0	0
Government goods and services n.i.e	23	4	4	2	2	6	6	4
Services Debit	316	407	371	410	373	433	506	546
Manufacturing services on physical inputs owned by residents	-	-	-	-	-	-	-	-
Maintenance and repair services n.i.e	4	3	3	3	1	2	42	45
Transport	87	86	105	100	95	98	99	100
Sea transport	69	69	85	81	77	76	80	79
Air transport	18	17	20	19	17	22	20	20
Travel	112	117	117	154	114	112	112	156
Business	43	48	51	74	46	50	51	77
Personal	68	68	67	79	68	62	61	80
Telecommunication, computer and infor. serv.	30	11	42	39	32	27	14	17
Construction	2	3	3	3	3	4	3	4
Insurance and pension services	15	15	18	11	12	12	15	14
Financial services	4	3	3	0	0	1	0	0
Charges for the use of intellectual property	4	1	4	1	1	1	4	5
Other business services	53	98	66	71	101	128	190	165
Personal, cultural and recreational services	1	1	1	2	2	3	2	2
Government goods and services n.i.e	5	69	10	26	12	44	24	37

Source: Central Bank of Solomon Islands.

TABLE 1.16 - PRIMARY AND SECONDARY INCOME ACCOUNTS

	(SBD Million)							
	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
PRIMARY INCOME ACCOUNT								
Balance on Primary Income	(96)	(108)	(176)	(141)	(53)	46	(63)	48
Primary Income Credits	65	50	30	75	35	36	42	49
Compensation of Employees	4	3	2	2	2	2	2	48
Investment income	41	24	28	24	13	21	22	2
Direct investment	6	6	6	7	7	7	6	17
Portfolio investment	25	3	2	2	3	3	6	6
Other investment	0	0	0	0	0	0	1	1
Reserve assets	10	14	19	15	4	12	10	0
Other primary income	20	23	1	49	20	13	17	9
Primary Income Debits	160	158	206	216	88	(11)	105	29
Compensation of Employees	9	9	12	15	13	13	15	(2)
Investment income	152	149	194	201	75	(24)	89	10
Direct investment	101	103	165	179	54	(47)	77	(12)
Portfolio investment	-	-	-	-	-	-	-	(15)
Other investment	51	46	30	22	21	23	12	-
Other primary income	-	-	-	-	-	-	-	3
SECONDARY INCOME ACCOUNT								
Balance on Secondary Income	205	287	143	124	195	318	87	113
Secondary Income Credits	317	366	219	199	259	383	187	196
General government	248	288	165	147	188	324	131	165
Deposit-corporations and other securities	70	79	54	52	71	59	57	31
Personal transfers	26	28	31	31	24	39	26	17
Other current transfers	44	51	23	21	47	20	31	14
Other current transfers	112	79	77	75	64	65	100	83
Secondary Income Debits	29	0	9	6	9	8	24	1
General government	84	79	67	69	54	58	77	1
Deposit-corporations and other securities	84	79	67	69	54	58	77	82
Personal transfers	-	-	-	-	-	-	-	82
Other current transfers	-	-	-	-	-	-	-	-

Source: Central Bank of Solomon Islands

TABLE 1.17 - CAPITAL ACCOUNT

	(SBD Million)							
	2012				2013			
	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1
Balance on Capital Account	176	200	254	147	199	137	131	98
Capital Account Credits	176	200	254	147	199	137	131	98
Gross disposals of nonproduced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	176	200	254	147	199	137	131	98
General government	176	200	254	147	199	137	131	98
Debit forgiveness	-	-	-	-	-	-	-	-
Other capital transfers	176	200	254	147	199	137	131	98
Deposit-taking corporations and other sectors	-	-	-	-	-	-	-	-
Capital Account Debits	-	-	-	-	-	-	-	-
Gross disposals of nonproduced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-	-
Debit forgiveness	-	-	-	-	-	-	-	-
Other capital transfers	-	-	-	-	-	-	-	-
Deposit-taking corporations and other sectors	-	-	-	-	-	-	-	-

Source: Central Bank of Solomon Islands

TABLE 1.18 - FINANCIAL ACCOUNT

	(SBD Million)							
	2012				2013			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Net lending (+)/ Borrowing (-)	184	(67)	(141)	91	554	(192)	(6)	(82)
Financial Assets								
Direct investment	381	97	(22)	165	351	71	64	62
Portfolio investment	4	3	8	4	3	28	(13)	(9)
Financial derivatives (other than reserves) and employee stock options	1	3	12	(8)	(2)	(1)	(5)	-
Other investment	-	-	-	-	-	-	-	-
Reserve assets	91	(7)	(34)	141	70	68	(66)	(23)
	286	98	(8)	28	280	(25)	148	95
Of which:								
Equity and investment fund shares	5	6	20	(4)	1	2	(2)	3
Debt instruments	377	91	(42)	162	286	69	67	60
Other financial assets	-	-	-	7	64	-	-	-
Financial Liabilities								
Direct investment	197	164	119	73	(203)	263	70	144
Portfolio investment	171	232	117	88	(137)	273	104	167
Financial derivatives and employee stock options	-	-	-	-	-	-	-	-
Other investment	26	- (68)	2	(15)	(66)	(9)	(33)	(23)
Of which:								
Equity and investment fund shares	99	133	97	62	(76)	(103)	(97)	16
Debt instruments	98	31	22	11	(126)	366	168	128
Other financial liabilities	-	-	-	-	-	-	-	-

Note: A negative in the sub-components of the Financial Account (Assets/Liabilities) signifies a reduction or withdrawal.

Source: Central Bank of Solomon Islands

TABLE 1.19 - VALUE OF EXPORTS BY EXPORT CATEGORY

Period	TOTAL EXPORTS (fob)	Copra & Coconut Oil	Fish	Logs	Cocoa	Timber	Palm Oil and Kernels	Minerals	Other Exports	Re-exports & coverage adjustment
										(SBD'000)
2010	1,804,387	98,164	196,805	1,005,692	113,234	46,846	256,246	25,729	25912	30,758
2011	3,173,755	231,533	341,076	1,457,399	119,378	74,294	326,250	518,002	35666	69,880
2012	3,628,094	128,368	422,975	1,612,141	65,890	94,340	277,001	855,111	42658	126,292
2013	3,211,593	66,443	453,282	1,551,793	69,312	81,421	224,881	623,640	64,198	76,643
2010										
Q1	356,994	7,926	49,390	190,891	20,827	11,170	58,699	7,740	7,197	3,153
Q2	424,398	26,652	42,659	228,565	35,301	13,781	61,531	7,126	5,418	3,364
Q3	468,165	11,168	38,623	288,360	34,743	13,325	66,537	6,046	6,574	2,790
Q4	554,831	52,418	66,134	297,876	27,363	8,571	69,479	4,817	6,723	21,451
2011										
Q1	551,679	60,084	41,775	313,450	13,875	18,660	75,297	5,243	11,024	12,272
Q2	821,166	85,946	74,422	386,676	43,716	16,084	108,288	82,384	6,493	16,958
Q3	937,002	48,002	123,032	372,766	41,155	15,721	49,714	262,651	4,970	18,991
Q4	863,907	37,501	101,847	384,507	20,632	23,828	92,952	167,524	13,179	21,938
2012										
Q1P	961,099	43,477	84,291	412,181	11,746	17,065	70,823	278,112	6,600	36,803
Q2P	842,683	39,333	40,463	354,366	25,962	25,416	79,546	225,220	7,046	45,332
Q3P	948,899	31,207	169,704	431,190	11,087	28,002	59,786	183,976	6,637	27,309
Q4P	875,413	14,351	128,517	414,404	17,095	23,857	66,845	167,803	22,374	20,167
2013										
Q1P	686,722	10,611	84,866	368,775	12,281	21,928	32,643	123,430	6,229	25,960
Q2P	818,506	21,605	68,714	361,173	17,558	21,992	72,110	202,150	37,006	16,198
Q3P	815,545	16,738	137,105	385,624	23,917	15,610	64,007	145,755	13,074	13,713
Q4P	890,820	17,489	162,596	436,219	15,556	21,893	56,121	152,305	7,889	20,753
2014										
Q1P	765,805	26,048	106,187	368,946	11,023	22,277	61,691	145,426	5,577	18,631

P = Provisional data

Source: National Statistics Office and Customs & Excise Division, Ministry of Finance, & Central Bank of Solomon Islands

TABLE 1.20 - VALUE OF IMPORTS BY IMPORT CATEGORY

Period	TOTAL IMPORTS (fob)	Food and Live Animals	Beverages & Tobacco	Crude oil ¹ excl. fuels	Mineral Fuels	Animal, veg., & Oil Fats	Chemicals	Basic Manufactures	Machinery & Transport equip.	Miscellaneous	Goods not Specified	Re-imports & coverage	Freights and Insurance (SBD'000)
2010	2,905,890	633,270	40,516	16,947	457,015	15,502	180,805	464,693	115,6325	260,897	1,104	33,793	-354,978
2011	3,219,611	643,209	56,959	42,818	732,561	22,681	326,170	574,264	860,245	257,259	4	46,656	386,779
2012	3,281,110	683,464	54,851	37,302	842,563	16,054	270,425	508,840	914,360	250,511	42,116	58,878	-398,253
2013	3,379,808	725,114	55,752	48,465	900,232	18,372	276,692	521,898	977,946	215,989	4,741	46,580	-411,972
2010													
Q1	535,296	115,227	10,291	1,704	108,897	4,040	38,749	67,175	19,2459	54,921	370	6,785	-65,322
Q2	820,770	138,825	9,684	2,149	148,124	2,787	41,218	112,824	391,306	65,812	734	7,787	-100,481
Q3	672,585	163,092	11,545	6,400	90,733	3,541	52,396	154,956	202,520	62,410	0	7,227	-82,235
Q4	877,239	216,126	8,996	6,693	109,261	5,134	48,443	129,738	370,040	77,754	0	11,994	-106,940
2011													
Q1	689,139	107,222	10,357	10,343	156,712	3,787	68,591	140,321	211,665	56,468	-	7,874	-84,201
Q2	816,912	122,744	15,471	11,068	226,645	5,995	105,171	143,275	206,761	68,916	2	10,529	-99,665
Q3	886,697	188,632	16,849	10,645	194,146	7,397	99,576	152,721	248,054	60,879	2	15,476	-107,679
Q4	826,863	224,612	14,282	10,763	204,006	5,502	52,832	137,947	193,765	70,996	-	12,777	-100,617
2012													
Q1P	739,684	140,161	15,931	6,578	204,302	2,674	64,270	112,673	200,918	68,668	707	12,659	-89,857
Q2P	750,912	154,345	15,995	8,117	193,640	3,111	49,702	118,192	184,693	73,226	27,739	13,315	-91,164
Q3P	914,255	201,967	9,785	12,488	221,535	4,367	96,487	136,875	260,070	51,937	13,670	16,084	-111,010
Q4P	876,259	186,992	13,140	10,119	223,085	5,901	59,966	141,099	268,679	56,680	-	16,820	-106,223
2013													
Q1P	839,903	178,296	10,239	10,444	227,341	5,671	73,828	119,225	260,874	43,357	-	12,848	-102,220
Q2P	826,931	161,288	13,600	14,720	235,888	2,782	77,117	123,711	227,812	59,800	-	11,052	-100,839
Q3P	857,039	207,910	13,749	12,837	231,974	3,607	66,327	127,206	235,958	46,021	4,741	11,245	-104,536
Q4P	855,935	177,620	18,164	10,463	205,029	6,312	59,420	151,757	253,302	66,810	-	11,434	-104,376
2014													
Q1P	761,978	196,024	17,280	13,206	154,482	2,860	53,246	121,507	226,699	56,714	-	12,582	-92,622

P = Provisional data

Source: National Statistics Office and Customs & Excise Division, Ministry of Finance & Treasury

TABLE 1.21 - FOREIGN EXCHANGE RECEIPTS (Quarter Ended)

	2012				2013				(SBD'000)	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	2014	Q1
Current Receipts										
Exports										
Copra	27984	26,548	15,541	9,736	11,433	14,028	18,358	9,544	13,804	
Fish	13180	18,310	47,636	83,158	81,748	93,398	151,048	169,388	109,651	
Logs	405773	419,591	333,760	350,532	442,832	538,031	416,621	400,596	347,235	
Palm Oil & Kernels	36438	37,219	58,633	39,961	27,322	10,947	34,865	11,891	75,044	
Cocoa	32250	33,695	28,031	17,745	8,071	15,121	21,815	23,952	22,546	
Mineral	382	-	1,599	2,274	3,171	5,940	19,650	63,976	90,777	
All Other	9995	9,353	4,581	23,571	2,278	3,285	6,027	9,038	8,855	
Total Exports	526002	544,717	509,782	526,977	576,917	680,750	668,384	688,384	667,912	
Services										
Transportation	3178	1,464	3,268	6,641	4,982	11,158	8,603	8,256	5,528	
Travel	5711	6,667	7,647	5,795	9,877	5,391	6,408	5,168	4,500	
Insurance	526	282	4,266	388	124	420	468	46	436	
Communication	1248	990	760	654	1,160	1,132	2,862	2,691	2,924	
Financial Services	4403	83,714	2,638	1,328	1,106	939	4,067	1,278	45	
Royalties & License Fees	1561	7,692	947	1,174	3,314	1,648	2,915	4,351	10,102	
Others	210790	386,694	205,952	145,280	166,427	330,443	255,521	235,886	246,380	
Total Services	227418	487,502	225,478	161,260	186,990	351,131	280,844	257,676	269,915	
Income										
Wages & Others	10494	12,013	9,117	11,621	9,521	8,093	10,181	9,586	6,770	
Interest, Dividends and Profits	0	-	-	245	-	-	-	-	-	
Official Interest	10073	16,841	18,860	12,078	10,630	14,051	10,419	10,487	11,778	
Other Income	32799	30,002	7,271	38,793	23,197	30,438	17,346	53,300	29,061	
Total Income	53366	58,856	35,248	62,736	43,347	52,582	37,946	73,374	47,609	
Transfers										
Official	1164	-	-	-	-	13,742	-	-	46,605	
Cash Aid	6994	4,354	5,716	598	3,433	57	195	781	285	
Total Official	8158	4,354	5,716	598	3,433	13,799	195	781	46,889	
Private										
Gifts and Donations	24877	20,334	30,285	30,143	23,759	38,678	25,272	22,230	16,421	
Transfers by Temporary Residence and Immigrations	688	28	153	114	91	52	135	130	44	
Churches and Charitable Institutions	16045	14,664	10,564	19,427	17,209	16,257	26,143	13,307	12,316	
Foreign Governments	13605	4,344	15,543	22,541	16,821	18,036	32,373	8,366	13,803	
International Organizations	49466	79,041	72,677	98,570	76,187	57,574	81,154	80,054	56,738	
Other Transfers	42	68	208	503	408	239	476	550	228	
Total Private Transfers	104724	118,480	129,431	171,298	134,474	130,835	165,554	124,638	99,549	
Total Transfers	112882	122,834	135,147	171,896	137,907	144,634	165,748	125,419	146,438	
Total Current Receipts	919667	1,213,909	905,654	922,870	945,162	1,229,097	1,152,923	1,144,853	1,131,874	
Capital Receipts										
Private	33726	26,833	28,403	14,103	23,702	15,906	17,330	10,557	12,217	
Investment grants	-	-	-	-	-	-	13,338	-	-	
Direct Investment	16	41	14,943	2,573	648	3,229	-	14,497	11,069	
Loans	-	-	-	365	101	-	1,053	-	-	
Other Foreign Investment	33742	26,873	43,346	17,042	24,450	19,135	31,722	25,055	23,286	
Total Private Inflows										
Official	16448	109,563	51,466	67,909	63,023	283,510	25,342	79,540	43,573	
Investment Grants	-	-	-	-	-	-	-	-	-	
Central Bank	-	-	-	-	-	-	-	-	-	
IMF Transactions	-	-	-	1,678	-	-	-	-	-	
Total Official Inflows	16448	109,563	51,466	69,587	63,023	283,510	25,342	79,540	43,573	
Total Capital Receipts	50190	136,436	94,812	86,628	87,473	302,645	57,064	104,595	68,538	
TOTAL RECEIPTS	969857	1,350,345	1,000,466	1,009,499	1,032,634	1,531,742	1,428,635	1,249,448	1,200,412	

From 2010 Q1, data is mapped based on new FET classifications
Source: Central Bank of Solomon Islands.

TABLE 1-22 - FOREIGN EXCHANGE RECEIPTS*

	2007	2008	2009	2010	2011	2012	2013
(SBD'000)							
Current Receipts							
Exports							
Copra	36,768	177,421	30,778	31,349	104,615	79,808	53,363
Fish	151,392	188,489	132,598	48,773	56,689	162,285	495,582
Logs	838,693	982,114	773,307	1,153,149	1,555,257	1,529,656	1,798,142
Palm Oil & Kernels		173,095	80,176	104,534	198,316	172,251	85,025
Cocoa	70,838	69,599	116,212	157,441	217,502	111,722	68,959
Mineral	6,696	28,883	13,451	18,722	13,852	4,255	92,737
All Other	75,981	18,521	20,383	30,298	60,566	47,501	20,628
Total Exports	1,285,651	1,638,123	1,166,905	1,544,267	2,206,798	2,107,478	2,614,436
Services							
Transportation	15,608	12,365	13,728	13,842	11,805	14,551	32,999
Travel	26,867	27,295	32,690	28,114	62,653	25,820	26,844
Insurance	971	2,624	1,753	20,766	5,608	5,462	1,059
Royalties and License Fees	13,273	11,615	15,098	25,076	9,685	3,652	7,846
Communication	36,244	30,762	21,816	5,790	11,623	92,083	7,389
Financial Services		7,687	8,440	142	1,511	11,374	12,228
Others	467,602	560,051	653,795	772,182	1,013,338	948,716	988,277
Total Services	560,654	652,398	747,321	865,913	1,116,224	1,101,658	1,076,641
Income Account							
Wages and Others	22,969	27,531	31,531	35,971	39,652	43,245	37,380
Interest, Dividends and Profits	1,621	540	3,120	5,333	11,219	245	-
Official Interest	52,200	45,976	16,581	26,710	43,419	57,851	45,587
Other Income	3,215	16,066	239	47,596	108,777	108,865	124,281
Total Income	80,006	90,113	51,471	115,609	203,067	210,206	207,249
Transfers: Official							
Cash Aid	16,776	10,507	28,571	1	10,305	1,164	13,742
Other Official	60,916	42,859	75,334	59,348	32,015	17,663	4,466
Total Official Transfers	77,692	53,366	103,905	59,349	42,319	18,827	18,208
Transfers: Private							
Gifts and Donations	80,774	57,514	77,834	85,477	94,598	105,640	109,939
Transfers by Temporary Residence and Immigrants	8,028	3,842	1,926	3,677	6,548	983	408
Churches and Charitable Institutions	39,270	60,294	66,291	58,808	61,720	60,700	72,916
Foreign Governments	57,225	45,445	56,572	72,345	85,779	56,033	75,595
International Organisations	114,940	139,895	192,618	203,778	217,085	299,755	294,969
Other Transfers	267	491	629	273	217	821	1,674
Total Private Transfers	300,503	307,482	395,870	424,359	465,947	523,933	555,502
Total Current Receipts	2,304,505	2,741,481	2,465,472	3,009,496	4,034,355	3,962,101	4,472,035
Capital and Financial Receipts							
Private							
Investment Grants	61,907	112,712	62,548	115,107	200,133	103,065	67,494
Direct Investment	19,231	2,898	160	-	2,026	-	364
Loans	9,528	756	100,063	5,409	1,015	17,573	19,730
Other Foreign Investment	0	0	104	-	-	365	790
Total Private Inflows	90,666	116,365	162,875	281,311	203,175	121,003	88,379
Official							
Investment Grants	182,270	116,447	99,794	475,362	325,430	245,385	463,398
Loans	0	9,654	42,037	-	-	-	-
Central Bank	0	0	0	-	-	-	-
IMF Transactions	0	0	116,061	76,181	72,759	1,678	-
Total Official Inflows	182,270	126,101	257,892	551,543	398,189	247,063	463,398
Total Capital Receipts	272,936	242,466	420,767	832,854	601,364	368,066	551,776
TOTAL RECEIPTS	2,577,441	2,983,947	2,886,239	3,842,350	4,635,719	4,330,168	5,242,459

*Derived from the banking system.
Source: Central Bank of Solomon Islands

TABLE 1.23 - FOREIGN EXCHANGE PAYMENTS

	2011				2012				2013				(SBD'000)	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q1	Q2	Q3	Q4	2014	Q1
Current Payments														
Imports														
Oil Imports	204006	204302	193640	147686	221,137	211,815	251,555	230,345	188,719	188,719	230,345	188,719	289,992	
Food Imports	153523	92833	137561	185601	147,398	151,375	118,170	167,846	132,593	132,593	167,846	132,593	174,113	
Beverages and Tobacco	18276	16922	10317	12048	12,671	21,846	6,114	8,999	10,109	10,109	8,999	10,109	5,556	
Plants, Vehicles and Transport Equipment	76986	58088	92879	107536	116,892	70,664	61,970	71,172	73,364	73,364	71,172	73,364	77,598	
Building and Construction Materials	43961	36646	58498	50927	45,840	29,868	38,592	48,017	51,109	51,109	48,017	51,109	59,973	
Chemical	14904	12418	14988	24928	14,708	26,503	23,018	25,860	19,498	19,498	25,860	19,498	14,526	
Other Imports	227465	246806	232452	317631	246,262	209,452	229,249	204,723	239,326	239,326	204,723	239,326	148,909	
Total Imports	739020	668014	740335	846357	804,908	721,524	728,668	756,962	714,718	714,718	756,962	714,718	770,666	
Services														
Transportation	23120	39255	36302	39415	46,941	49,500	37,749	30,526	46,632	46,632	30,526	46,632	41,509	
Travel	12627	19621	18906	20923	23,076	16,270	15,306	16,016	11,674	11,674	16,016	11,674	11,160	
Insurance	3642	4693	1020	7625	8,196	8,110	10,053	8,545	9,507	9,507	8,545	9,507	1,420	
Communication	29346	28154	8625	40026	29,902	28,795	25,905	28,926	23,473	23,473	28,926	23,473	25,175	
Financial	12939	18436	68370	17095	12,919	7,222	2,430	2,791	4,314	4,314	2,791	4,314	6,121	
Royalties and License Fee	3176	4527	3743	3511	132	15	420	8,368	7,960	7,960	8,368	7,960	206	
Others	82157	166868	174833	91937	128,118	117,627	289,578	180,461	231,327	231,327	180,461	231,327	101,406	
Total Services	167007	281554	311799	220531	249,284	227,540	381,440	275,634	334,886	334,886	275,634	334,886	186,996	
Income														
Wages and Others	9000	8875	8582	11695	15,214	13,080	13,172	14,757	14,648	14,648	14,757	14,648	10,194	
Interest Dividends & Profits	56135	8233	49382	24520	89,749	9,734	125,708	104,877	113,408	113,408	104,877	113,408	3,824	
Official Interest	4292	1761	3231	3118	1	1,190	3,502	2,156	1,229	1,229	2,156	1,229	1,354	
Total Income Payments	69427	18869	61344	68511	7,702	200	983	324	2,643	2,643	324	2,643	174	
Transfers														
SI Government Foreign Offices	-	3335	2	1395	112,666	24,204	143,366	122,115	131,928	131,928	122,115	131,928	15,545	
SI Government Current Payments	14790	36215	4154	16842	11,697	7,112	5,280	1,801	6,684	6,684	1,801	6,684	898	
Gifts and Donation	53379	49510	41816	42368	24,168	39,609	25,011	62,189	4,217	4,217	62,189	4,217	8,583	
Transfers by Temporary Residents	589	2490	980	2151	63,507	50,837	41,399	49,905	47,788	47,788	49,905	47,788	53,231	
Other Transfers	63	55	91	615	1,849	2,440	3,219	1,953	5,038	5,038	1,953	5,038	6,133	
Total Transfers	68822	91605	47043	63372	303	188	29	351	3,173	3,173	351	3,173	206	
Total Current Payments	1044277	1060042	1160520	1198772	1,268,384	1,073,454	1,328,412	1,270,910	1,248,433	1,248,433	1,270,910	1,248,433	1,042,259	
Capital Payments														
Private														
Loan Repayments	1318	2013	31647	11532	8,526	11,425	7,416	14,531	2,606	2,606	14,531	2,606	22,820	
Capital Repatriation	-	1668	-	-	-	-	-	-	-	-	-	-	-	
Emigrant Transfers	87	200	148	-	779	-	400	2,164	2,668	2,668	2,164	2,668	76	
Other Payments	1878	1874	1555	61	5,389	740	-	2,000	1,124	1,124	2,000	1,124	14	
Total Private Outflows	3283	23855	33350	11593	14,695	12,165	7,816	18,696	6,398	6,398	18,696	6,398	22,911	
Official														
Government Loans	15825	9443	11245	7150	19,109	7,003	15,903	56,397	48,932	48,932	56,397	48,932	8,184	
Central Bank	-	-	-	-	-	-	-	-	-	-	-	-	-	
IMF Transactions	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Official Outflows	15825	9443	11245	7150	19,109	7,003	15,903	56,397	48,932	48,932	56,397	48,932	8,184	
Total Capital Payments	19108	33298	44595	18743	33,804	19,168	23,719	75,093	55,330	55,330	75,093	55,330	31,095	
TOTAL PAYMENTS	1063384	1093340	1205115	1217515	1,302,188	1,092,622	1,352,131	1,439,060	1,303,763	1,303,763	1,439,060	1,303,763	1,073,353	

Source: Central Bank of Solomon Islands

TABLE 1-24 - EXCHANGE RATES

Period Average	USD	AUD	POUND (sterling)	YEN (per 100)	NZD	(SBD per foreign currency)	
						EURO	SDR
Annual							
2010	8.06	7.42	12.48	9.20	5.78	10.71	12.32
2011	7.64	7.89	12.26	9.59	6.05	10.66	12.06
2012	7.36	7.62	11.65	9.23	5.96	9.46	11.30
2013	7.30	7.07	11.42	7.52	5.99	11.11	9.70
2010							
Mar	8.06	7.29	12.61	8.89	5.72	11.18	12.46
Jun	8.06	7.13	12.04	8.75	5.51	10.28	12.04
Sep	8.06	7.28	12.50	9.39	5.79	10.41	12.22
Dec	8.06	7.96	12.76	9.76	6.11	10.96	12.59
2011							
Mar	8.02	8.06	12.84	9.76	6.09	11.03	12.58
Jun	7.79	8.26	12.70	9.54	6.22	11.20	12.44
Sep	7.40	7.78	11.92	9.52	6.17	10.47	11.79
Dec	7.36	7.44	11.57	9.52	5.72	9.93	11.41
2012							
Mar	7.36	7.76	11.55	9.29	6.02	9.64	11.30
Jun	7.36	7.44	11.65	9.18	5.83	9.46	11.30
Sep	7.36	7.64	11.62	9.36	5.95	9.21	11.31
Dec	7.35	7.64	11.80	9.07	6.05	9.53	11.30
2013							
Mar	7.32	7.60	11.37	8.02	6.11	9.67	11.16
Jun	7.29	7.23	11.20	7.39	5.98	9.52	10.98
Sep	7.27	6.66	11.27	7.35	5.79	9.63	11.02
Dec	7.33	6.80	11.85	7.31	6.06	9.96	11.27
2014							
Jan	7.36	6.52	12.12	7.08	6.09	10.03	11.30
Feb	7.36	6.59	12.17	7.21	6.09	10.04	11.33
Mar	7.36	6.67	12.19	7.20	6.26	10.21	11.41

Source: Central Bank of Solomon Islands

TABLE 1-25 - GOVERNMENT SECURITIES BY HOLDER AND INSTRUMENT

End of Period	DEVELOPMENT & TREASURY BONDS AMORTIZED										TREASURY BILLS				OTHER		SBD/000						
	Statut. Corpn.					Public					Total Bonds					Total T' Bills.					CBSI	GRAND TOTAL	
	ODCs	CBSI	OFCs	Statut. Corpn.	Public	ODCs	CBSI	OFCs	Statut. Corpn.	Public	ODCs	CBSI	OFCs	Statut. Corpn.	Public	Total T' Bills.							
2009	86660	103502	107060	0	1028	298249	29	21940	0	5655	27624	4940	4940	330814									
2010	95164	97772	99315	0	1585	293837	37	23520	8992	6990	39539	4940	4940	338315									
2011	81878	88057	89532	0	12410	271877	38	16856	14754	7004	38652	4940	4940	315468									
2012	44798	74718	66553	0	16659	202728	40	17706	13810	6107	37663	4936	4936	245326									
2013	35856	69131	53545	0	5353	163885	48	11697	21629	5283	38657	4936	4936	207478									
2009																							
Mar	107790	107714	112,300	0	1079	328883	25	14963	0	7696	22684	10364	10364	361932									
Jun	88976	106319	111,117	0	1062	307474	8	0	0	6021	6029	10364	10364	323867									
Sep	87949	104914	109,091	0	1045	303000	28	19946	0	6002	25976	4940	4940	333915									
Dec	86660	103502	107,060	0	1028	298249	29	21940	0	5655	27624	4940	4940	330814									
2010																							
Mar	100415	102081	104,992	0	1011	308499	30	8885	13070	7755	29739	4940	4940	343179									
Jun	98411	100653	102,898	0	1672	303634	30	13675	9240	5834	28779	4940	4940	337353									
Sep	96848	99216	101,307	0	1587	298958	30	17773	9893	7243	34940	4941	4941	338839									
Dec	95164	97772	99,315	0	1585	293837	37	23520	8992	6990	39539	4940	4940	338315									
2011																							
Mar	94851	96319	97,269	0	1500	289939	38	21557	10262	6100	37957	4940	4940	332836									
Jun	93093	94858	95,179	0	14164	297294	39	22639	5860	1030	29568	4940	4940	331802									
Sept	86058	89470	92,432	0	13270	281230	38	19913	8859	8464	37274	4940	4940	323444									
Dec	81878	88057	89,532	0	12410	271877	38	16856	14754	7004	38652	4940	4940	315468									
2012																							
Mar	78713	86635	86,092	0	11750	263190	35	14822	15248	7461	37566	4940	4940	305697									
Jun	67039	77324	79,459	0	10615	234436	39	17535	18058	5755	41388	4936	4936	280760									
Sept	47169	76024	69,735	0	17550	210479	40	19188	13887	6843	39958	4936	4936	255373									
Dec	44798	74718	66,553	0	16659	202728	40	17706	13810	6107	37663	4936	4936	245326									
2013																							
Q1	43256	73404	63332	0	7918	187910	39	13669	17422	6732	37862	4936	4936	230708									
Q2	40802	72082	60437	0	6236	179557	40	9518	23509	8734	41801	4936	4936	226294									
Q3	38306	70754	57173	0	6209	172442	30	11675	20216	6209	38130	4936	4936	215508									
Q4	35856	69131	53545	0	5353	163885	48	11697	21629	5283	38657	4936	4936	207478									
2014																							
Q1	33171	68074	50572	0	12043	163860	79	10412	25808	6125	42424	4936	4936	211219									

Note: OFCs, Public and Statutory Corporations use data for the last Wednesday of the month. ODCs and Central Bank use end month data. As of *Qtr1'03 Commercial Bank SIG Bonds include Restructured only
 *Qtr4'04 OFCs SIG Bonds include Restructured & Amortised *Qtr1'06 Central Bank SIG Bonds include Restructured & Amortised

Source: Central Bank of Solomon Islands

TABLE 1-26 - GROSS AND NET GOVERNMENT DOMESTIC DEBT BY INSTRUMENT AND HOLDER

End of Period	CBSI						ODCs						OFCs				OTHERS		PUBLIC		TOTAL		(SBD'000)
	T-Bills D-Bonds	Other Loans	Gross Debt	SIG Dep.	Net Debt	T-Bill D-Bond	Other Loans	Gross Debt	SIG Dep.	Net Debt	T-Bill D-Bond	Other Loans	Gross Debt	T-Bill D-Bond	T-Bill D-Bond	T-Bill D-Bond	T-Bill D-Bond	T-Bill D-Bond	T-Bill D-Bond	T-Bill D-Bond	TOTAL GROSS	TOTAL NET	
2010	97,809	19,604	117,413	478,506	-361,093	118,684	-	118,684	67,588	51,096	50,117	20,000	128,307	-	8,575	-	-	-	-	-	372,979	-173,115	
2011	88,094	15,134	103,228	941,116	-837,888	98,734	-	98,734	118,701	-19,967	50,307	20,000	124,286	-	19,414	-	-	-	-	-	345,662	-714,155	
2012	74,758	7,292	82,050	1,027,267	-945,217	62,504	-	62,504	143,842	-81,338	34,366	20,000	100,363	-	22,766	-	-	-	-	-	267,683	-903,426	
2013	69,179	4,936	74,115	1,239,240	-1,165,126	47,553	-	47,553	21,175	263,781	37,383	20,000	95,174	-	10,636	-	-	-	-	-	227,478	-1,032,938	
2010	102,111	20,230	122,340	205,368	-83,027	109,300	-	109,300	49,185	60,115	56,692	20,000	138,062	-	8,766	-	-	-	-	-	378,468	123,916	
Mar	100,683	20,030	120,713	259,447	-138,733	112,086	-	112,086	88,982	23,104	51,962	20,000	132,138	-	7,506	-	-	-	-	-	372,443	24,014	
Jun	99,247	19,788	119,035	181,974	-62,939	114,621	-	114,621	55,240	59,381	51,821	20,000	131,200	-	8,830	-	-	-	-	-	373,687	136,472	
Sep	97,809	19,604	117,413	478,506	-361,093	118,684	-	118,684	67,588	51,096	50,117	20,000	128,307	-	8,575	-	-	-	-	-	372,979	-173,115	
Dec	96,357	19,108	115,465	490,671	-375,206	116,408	-	116,408	125,283	-8,875	50,569	20,000	127,531	-	7,600	-	-	-	-	-	367,004	-248,950	
2011	94,897	16,178	111,076	750,317	-639,242	115,732	-	115,732	169,036	-53,304	45,291	20,000	121,039	-	15,194	-	-	-	-	-	363,041	-556,313	
Mar	89,508	15,656	105,164	780,682	-675,518	105,971	-	105,971	164,848	-58,877	45,862	20,000	121,291	-	21,734	-	-	-	-	-	354,160	-591,370	
Jun	88,094	15,134	103,228	941,116	-837,888	98,734	-	98,734	118,701	-19,967	50,307	20,000	124,286	-	19,414	-	-	-	-	-	345,662	-714,155	
2012	86,670	14,425	101,095	1,026,168	-925,073	93,535	-	93,535	141,188	-47,653	49,334	20,000	121,340	-	19,211	-	-	-	-	-	335,181	-832,175	
Mar	77,363	13,787	91,150	1,092,321	-1,001,171	84,574	-	84,574	180,856	-96,282	47,500	20,000	117,517	-	16,370	-	-	-	-	-	309,611	-963,565	
Jun	76,065	7,891	83,955	1,091,327	-1,007,372	66,357	-	66,357	153,853	-114,499	35,605	20,000	103,622	-	24,393	-	-	-	-	-	278,328	-993,855	
Sep	74,758	7,292	82,050	1,027,267	-945,217	62,504	-	62,504	143,842	-81,338	34,366	20,000	100,363	-	22,766	-	-	-	-	-	267,683	-903,426	
Dec	73,443	6,720	80,163	1,160,905	-1,080,742	56,925	-	56,925	136,848	-79,923	36,784	0	80,754	-	14,650	-	-	-	-	-	232,492	-1,045,261	
2013	72,122	6,078	78,200	1,345,736	-1,267,536	50,320	-	50,320	206,763	-156,443	42,034	0	83,946	-	14,970	-	-	-	-	-	227,436	-1,305,063	
Mar	70,784	5,619	76,403	1,274,937	-1,198,533	49,981	-	49,981	174,867	-124,886	37,528	0	77,389	-	12,418	-	-	-	-	-	216,191	-1,213,612	
Jun	69,179	4,936	74,115	1,239,240	-1,165,126	47,553	-	47,553	21,175	263,781	37,383	0	75,174	-	10,636	-	-	-	-	-	207,478	-1,032,938	
Sep	68,153	4,936	73,088	1,302,522	-1,229,433	43,583	-	43,583	187,131	-143,548	40,672	0	76,380	-	18,168	-	-	-	-	-	211,219	-1,278,433	
Dec																							

Note: OFCs, Public & Stat. Corp. use data for the last Wednesday of the month, while ODCs & CBSI use end of month data.

Bonds include - Development Bond, Restructured Bonds, Armotised Bonds.

Source: Central Bank of Solomon Islands.

TABLE 1-27 GOVERNMENT REVENUE

End of period	Total cash Receipts from operation	Total Tax Revenue	Taxes on income, profits, & capital gains	Taxes on payroll & workforce	Taxes on Property	Taxes on goods & services	Taxes on International Trade & Transactions	Other taxes	Grants	Other Receipts
										(SBD'000)
2008	1582676	1341210	455251	0	20785	509664	344150	11360	204290	37176
2009	1944807	1664655	526615	0	176891	637916	309287	13946	228226	51926
2010	2506508	1958012	618975	0	68581	889430	372985	8041	441745	106750
2011	2407878	2078494	678398	0	18599	783438	579813	18246	263502	65883
2012	2590433	2371769	761600	0	24072	931608	645462	9028	136377	82286
2013	3106320	2659340	907969	0	24472	1050768	665772	10359	347096	99884
2009										
Q1	387609	354546	104205	0	28141	138822	81835	1543	25693	7371
Q2	484860	394322	126514	0	20933	161673	78893	6309	70848	19690
Q3	446312	386110	133995	0	46930	125636	76314	3235	50011	10191
Q4	626026	529677	161901	0	80887	211785	72245	2858	81675	14674
2010										
Q1	575879	468278	118997	0	21950	240503	84953	1875	75409	32192
Q2	496678	421615	144243	0	4737	196526	74278	1831	66157	8906
Q3	518282	468319	165500	0	18304	190297	91726	2491	23171	26792
Q4	915668	599800	190235	0	23590	262104	122027	1844	277008	38861
2011										
Q1	406734	373296	128424	0	3010	137347	102080	2435	18000	15438
Q2	661082	521242	164304	0	4930	193615	149641	8752	122882	16958
Q3	518341	477086	129653	0	4051	197553	144126	1703	24166	17088
Q4	821721	706870	256018	0	6608	254923	183965	5355	98453	16398
2012										
Q1	659648	622357	166669	0	5342	254257	193659	2429	23793	13498
Q2	631856	580723	202708	0	7114	239901	128717	2283	35052	16081
Q3	588571	536408	167073	0	5370	203323	158608	2034	29696	22467
Q4	710358	632281	225150	0	6246	234127	164477	2281	47837	30240
2013										
Q1	583961	568465	179513	0	5153	211019	169851	2929	0	15496
Q2	717044	633470	229764	0	5966	230570	164944	2226	71713	11860
Q3	775589	621745	211249	0	5928	250576	151735	2256	134438	19406
Q4	1029726	835660	287443	0	7425	358603	179242	2948	140945	53121
2014										
Q1	636009	557681	174107	0	5127	226538	149429	2480	61003	17324

Source: Central Bank of Solomon Islands

TABLE 1-28 HONIARA RETAIL PRICE INDEX
(2005 Q4 = 100)

End of Period	Food	Drink & Tobacco	Clothing & Footwear	Housing & Utilities	Household Operations	Transport & Commun.	Recreation & Others	Miscell	Local Items	Imported Items	All Items	Annual % Change
Weight	429	47	38	181	47	164	76	18	602	398	1000	
Annual Average (12mma)												
2010	155.4	147.6	140.7	148.2	158.6	137.8	119.4	167.4	142.4	156.2	147.9	1.0
2011	162.8	169.4	141.6	176.0	166.8	144.0	122.8	177.5	153.5	166.9	158.9	7.4
2012	169.9	176.3	143.9	203.2	169.7	143.3	130.0	185.1	166.3	171.3	168.3	5.9
2013	174.7	197.6	156.3	231.0	176.5	146.0	127.7	197.4	180.0	173.3	177.3	5.4
Quarterly Average (3mma)												
2010												
Mar	159.80	147.17	139.70	146.88	153.43	136.43	119.20	159.67	143.90	156.37	148.87	1.6
Jun	155.83	150.40	140.37	147.00	154.77	138.67	119.20	166.40	144.27	153.50	147.93	1.0
Sep	152.80	145.43	141.10	148.93	161.67	138.10	119.20	171.27	140.80	156.63	147.13	0.7
Dec	152.97	147.20	141.63	149.80	164.33	137.87	120.00	172.30	140.57	158.20	147.57	0.6
2011												
Mar	157.37	157.60	141.73	165.47	165.53	142.93	122.57	177.33	147.43	163.87	154.00	3.4
Jun	163.73	174.50	141.23	169.83	165.77	146.03	122.90	176.80	153.20	167.27	158.80	7.3
Sep	165.00	172.57	141.27	176.43	167.30	144.30	122.90	176.27	154.97	168.23	160.23	8.9
Dec	164.97	173.07	142.27	192.20	168.50	142.70	122.80	179.53	158.53	168.33	162.47	10.1
2012												
Mar	168.83	176.70	143.57	190.93	169.90	141.87	129.70	187.33	162.43	169.39	165.23	7.3
Jun	174.13	173.67	143.80	202.73	171.97	144.47	129.70	190.70	168.97	171.73	170.07	7.1
Sep	170.03	169.20	143.73	203.13	170.33	141.80	129.70	166.20	165.13	171.77	167.77	4.7
Dec	166.77	185.43	144.47	216.00	166.73	145.10	130.90	196.00	168.47	172.30	169.97	4.6
2013												
Mar	172.83	206.83	155.60	230.90	176.17	145.37	127.70	196.97	178.83	174.13	176.93	7.1
Jun	178.20	190.30	155.63	232.50	177.07	146.10	127.70	197.90	182.10	174.20	178.93	5.9
Sep	177.77	188.03	156.50	231.80	176.67	145.03	127.70	197.87	181.07	174.27	178.33	5.0
Dec	168.70	205.27	157.50	228.77	176.20	147.30	127.70	196.83	178.00	170.67	175.10	3.0
2014												
Jan	166.6	285.5	162.6	235.5	176.1	147.4	130.8	196.9	189.5	170.5	179.6	2.5
Feb	170.1	286.9	162.6	253.2	178	147.6	130.8	196.9	192.5	170.9	184.5	2.9
Mar	170.6	289.7	162.6	253.3	178	148.2	130.8	196.5	193.9	170.0	185.0	3.4

Source: Statistics Division, Ministry of Finance

TABLE 1-29 - INTERNATIONAL COMMODITY PRICES

End of Period	Copra (US\$/m.t)	Coconut Oil (US\$/m.t)	Palm Oil (US\$/m.t)	Palm Kernel Oil (US\$/m.t)	Fish # (US\$/m.t)	Cocoa (US\$/m.t)	Logs (US\$/M3)	Gold (US\$/toz)	Silver (cents/ton)	Nickle b/ (US\$/m.t)	Crude Oil (US\$/bbl)
2010											
2010	750	1,123	901	1,184	1,491	3,134	278	1,225	2,020	21,809	80
2011	1,157	1,731	1,125	1,648	1,763	2,980	390	1,568	3,526	22,910	111
2012	741	1,111	1,000	1,111	2,170	2,392	360	1,669	3,115	17,548	112
2013	627	941	857	898	1,923	2,439	305	1,412	2,386	15,032	109
2010											
2010	557	833	808	922	1,092	3,299	254	1,109	1,693	19,959	77
2011	636	954	814	1,035	1,533	3,210	254	1,196	1,838	22,476	79
2012	769	1,159	875	1,161	2,150	3,062	294	1,227	1,901	21,191	76
2013	1,038	1,546	1,108	1,619	1,188	2,966	312	1,368	2,647	23,609	87
2011											
2011	1,379	2,073	1,251	2,131	1,509	3,343	326	1,384	3,179	26,869	105
2012	1,342	1,996	1,147	1,874	1,709	3,074	380	1,507	3,857	24,355	117
2013	991	1,476	1,079	1,338	1,889	3,035	445	1,700	3,885	22,024	112
2014	917	1,378	1,025	1,250	1,943	2,468	409	1,682	3,182	18,393	109
2012											
2012	933	1,400	1,107	1,366	2,089	2,341	373	1,689	3,262	19,637	119
2013	793	1,187	1,088	1,242	2,111	2,282	361	1,612	2,941	17,186	109
2014	672	1,013	995	1,021	2,347	2,494	355	1,656	2,995	16,384	110
2015	565	844	809	813	2,132	2,451	353	1,718	3,261	16,984	110
2013											
2013	553	837	853	824	1,750	2,209	323	1,631	3,006	17,296	113
2014	560	839	851	837	2,093	2,307	302	1,415	2,317	14,967	103
2015	603	912	827	871	2,069	2,470	301	1,329	2,139	13,955	110
2016	791	1,175	897	1,060	1,780	2,770	296	1,272	2,084	13,909	109
2014											
2014	848	1,270	865	1,159	1,560	2,820	287	1,224	1,990	14,101	107
2015	915	1,365	908	1,292	1,417	2,990	292	1,300	2,080	14,204	109
2016	926	1,394	961	1,381	1,411	3,040	291	1,336	2,070	15,678	107

Thailand Market prices. (C+F Bangkok)

Source: World Bank and Infotish.

TABLE 1-30 - REAL GROSS DOMESTIC PRODUCT
(1985 = 100)

Industry	2008	2009	2010	2011	2012	2013
Agriculture	167.7	167.7	177.7	197.7	188.6	182.1
Forestry, Logging, Sawmilling	398.6	287.0	379.5	501.9	506.1	497.5
Fishing	122.1	117.4	128.0	140.4	150.7	191.3
Mining & Exploration	5.6	55.7	55.7	533.4	877.5	766.8
Manufacturing	147.7	141.8	141.3	146.7	171.5	205.1
Electricity and Water	291.1	283.0	296.1	316.1	335.9	360.2
Construction	110.3	115.3	115.7	122.2	145.7	162.4
Retail and Wholesale Trade etc	162.4	167.8	171.2	181.6	190.3	197.3
Transport and Communications	250.8	260.5	275	327.9	344.1	374.0
Finance	262.6	267.5	272.5	284.0	296.5	309.5
Other Services	171.4	184.4	198.9	202.8	207.9	212.6
Index of Monetary GDP Production	194.0	187.8	205.2	225.1	227.3	236.7
Annual % movement	8.4	-3.3	9.2	9.7	1.0	4.1
Index of Primary Production	206.6	181.8	209.5	249.5	247.6	251.2
Annual % movement	8.5	-12.0	15.2	19.1	-0.8	1.4
Non-Monetary: Food	184.2	189.4	193.8	188.9	193.3	202.2
Non-Monetary: Construction	178.6	182.7	186.9	182.3	186.5	190.8
Non-Monetary GDP Index	183.8	188.9	193.2	188.4	192.7	201.3
Index of Total GDP Production	191.4	187.9	202.7	224.2	231.7	239.1
Annual % movement	7.3	-1.9	7.9	10.6	3.3	3.2

Source: Central Bank of Solomon Islands

TABLE 1-31 - PRODUCTION BY MAJOR COMMODITY

Period	Copra (m.t)	Coconut Oil (m.t)	Palm Oil (m.t)	Palm Kernel oil (mt)	Fish Catch (mt)	Cocoa (mt)	Timber & Log (00m3)	Gold (ounce)	Silver (ounce)
2010	25,389	123	28,615	3,205	21,385	21,385	1,428	-	-
2011	35,280	470	31,592	3,537	28,195	28,195	1,937	51,054	19,043
2012	26,610	189	31,846	3,387	29,377	29,377	1,948	67,819	28,993
2013	13,922	192	32,154	3,173	24,876	24,876	1,897	58,690	22,021
2010									
Mar	4,301	42	7,320	782	5,540	951	324	-	-
Jun	5,715	42	7,936	930	3,130	1,490	294	-	-
Sep	6,141	26	7,125	806	5,625	1,517	396	-	-
Dec	9,232	14	6,233	686	7,090	1,418	414	-	-
2011									
Mar	10,670	56	7,353	774	4,430	952	416	-	-
Jun	9,367	27	8,240	929	5,716	2,159	509	6,660	3,672
Sep	6,810	200	8,003	934	10,094	2,012	514	20,028	8,532
Dec	8,433	188	7,996	900	7,955	1,371	499	24,366	6,840
2012									
Mar	8,953	44	7,221	771	5,446	782	523	21,775	12,559
Jun	6,615	55	8,961	1,004	6,112	1,829	442	18,556	6,104
Sep	7,796	44	7,783	816	8,768	903	510	14,627	4,964
Dec	3,247	45	7,882	796	9,051	1,312	473	12,861	5,366
2013									
Mar	3,317	43	7,538	705	4,157	750	440	9,905	4,174
Jun	2,971	48	8,720	891	3,893	1,304	437	18,717	6,949
Sep	3,593	48	7,464	734	8,972	1,506	479	14,981	5,670
Dec	4,041	53	8,433	842	7,854	878	541	15,086	5,228
2014									
Jan	844	n/a	3,093	289	2,846	293	174	5,216	2,235
Feb	2,095	n/a	3,076	316	1,742	218	116	6,354	3,588
Mar	2,168	n/a	2,970	278	1,828	120	154	3,676	2,156

Source: Central Bank of Solomon Islands

TABLE 1.32 - NUMBER, VALUE AND AVERAGE VALUE OF BUILDING PERMITS ISSUED, HONIARA

Period	NUMBER				VALUE (\$'000)				AVERAGE			
	Residential	Commercial/ Industry	Other	TOTAL	Residential	Commercial/ Industry	Other	TOTAL	Residential	Commercial/ Industry	Other	TOTAL
2009	132	60	10	200	50645	73756	4126	128527	384	1229	413	643
2010	109	83	37	229	48025	87721	11563	147310	441	1057	313	643
2011	102	65	34	201	64255	91549	3061	158866	630	1408	90	790
2012	45	37	22	104	27810	89229	2415	117204	618	2412	110	1127
2013	49	40	24	113	30338	97341	2635	127859	619	2434	110	1131
Quarterly												
2009	25	21	-	46	10650	17912	-	28562	426	853	-	621
Mar	35	17	3	53	15381	18950	2800	37131	439	1115	933	701
Jun	37	12	-	49	9868	11975	-	21843	267	998	-	446
Sep	35	10	7	52	14745	24920	1326	40991	421	2492	189	788
2010	36	21	12	69	18620	17483	1238	37342	517	833	103	541
Mar	23	24	14	61	9629	17200	7778	34607	419	717	556	567
Jun	23	18	7	48	7651	14457	1880	23988	333	803	269	500
Sep	27	20	4	51	12125	38581	667	51373	449	1,929	167	1,007
2011	43	25	9	77	20298	22,900	354	43552	472	916	39	566
Mar	5	7	6	18	3550	20,277	435	24262	710	2,897	73	1,348
Jun	31	18	9	58	21960	26,984	880	49824	708	1,499	98	859
Sep	23	15	10	48	18448	21,388	1392	41229	802	1,426	139	859
2012	11	6	5	22	9576	42746	990	53312	871	7,124	198	2,423
Mar	13	8	6	27	6756	12783	620	20159	520	1,598	103	747
Jun	9	13	1	23	4738	9050	45	13833	555	1,049	88	761
Sep	12	10	10	32	6740	24650	760	29900	562	2,465	76	1,005
2013	12	6	5	23	11600	3700	324	15624	967	617	65	679
Mar	8	9	4	21	6500	11504	270	18274	813	1,278	68	870
Jun	17	8	8	33	17150	12240	640	30030	1,009	1,530	80	910
Sep	30	12	9	51	19345	32647	752	52744	645	2,721	84	1,034
2014	6	3	1	10	6540	4000	250	10790	1090	1333	1333	1079
Jan	5	4	4	13	4500	4475	350	9325	900	1119	280	717
Feb	2	4	2	8	1504	3450	200	5154	752	863	431	644
Mar												

Source: Honiara City Council

TABLE 1.33 - TOTAL VISITORS ARRIVALS

Period	Air	Sea	Total	Average length of stay (days) of Tourists
2010	20,521	n.a	20,521	15
2011	22,941	n.a	22,941	16
2012	23,918	n.a	23,918	15
2013	24,431	n.a	24,431	15
<u>2010</u>				
Mar	4,210	n.a	4,210	15
Jun	4,754	n.a	4,754	12
Sep	6,262	n.a	6,262	13
Dec	5,295	n.a	5,295	18
<u>2011</u>				
Mar	5,119	0	5,119	16
Jun	5,505	0	5,505	15
Sep	6,244	0	6,244	16
Dec	6,073	0	6,073	15
2012				
Mar	4,651	0	4,651	13
Jun	6,926	0	6,929	14
Sep	7,303	0	7,303	13
Dec	5,038	0	5,038	16
<u>2013</u>				
Mar	5,318	0	5,318	14
Jun	6,195	0	6,195	13
Sep	6,887	n.a	6,887	13
Dec	6,031	n.a	6,031	21
<u>2014</u>				
Jan	1,415	0	1,415	15
Feb	1,523	0	1,523	14
Mar	1,816	0	1,816	14

Source: Statistics Division, Ministry of Finance
Central Bank of Solomon Islands

Note: Average length of stay (days) of tourists is on quarters and Annual only.

TABLE 1.34 - GENERATION AND SALES OF ELECTRICITY
(All Stations)

Period	Units Generated	Units Sold ('000 KWH)				Total
		Domestic	Commercial and Industrial	Government	Other	
Quarterly						
2010	79143	8675	37307	8215	1696	55893
2011	74669	12297	39078	7884	1660	60918
2012	75313	8277	38673	7370	860	55181
2013	81083	14161	37727	8761	814	61463
2010						
Mar	18772	1918	8132	2713	569	13331
Jun	21773	2150	8820	1991	364	13325
Sep	19161	2280	9630	1757	441	14109
Dec	19437	2327	10725	1755	322	15128
2011						
Mar	18218	2401	9444	2150	475	14470
Jun	18618	2400	10049	1947	533	14930
Sep	18788	3234	9227	1860	389	14711
Dec	19045	4262	10356	1927	262	16808
2012						
Mar	18412	3149	9861	1439	361	14811
Jun	18284	1735	9812	2076	111	13735
Sep	19200	1558	9281	1907	199	12945
Dec	19417	1835	6719	1947	189	13690
2013						
Mar	20309	3987	9501	1763	221	15473
Jun	19105	3570	9129	2417	224	15339
Sep	20378	3237	9559	2406	184	15386
Dec	21290	3367	9538	2175	184	15264
Monthly						
2014						
Jan	6,611	1,012	3,948	645	48	5,654
Feb	6,483	1,072	3,581	580	60	5,293
Mar	8,114	1,090	3,413	533	64	5,100

Source : Solomon Islands Electricity Authority

TABLE 1.35 - SELECTED ECONOMIC INDICATORS

	Unit	2011				2012				2013				2014	
		Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1
A. External Trade	SBD'000														
(i) Exports (fob)		936705	863907	961099	842683	948,899	875413	686722	818506	815545				815545	765805
(ii) Imports (fob)		920089	826863	739684	750912	914255	876259	839903	826931	857039				857039	761978
B. Gross External Reserves	SBD'000	2701801	3033629	3279713	3507096	3655625	3667806	3648637	3742173	3780640				3780640	3956845
C. Money Supply	SBD'000														
(i) Currency in active Circulation		433574	481159	480463	503368	481159	480463	503368	511254	474240				474240	457304
(ii) M2		1780422	1780422	1796513	1953361	1780422	1796513	1953361	1920006	2644895				2644895	3398544
(iii) M3		2434894	2609902	2630989	2889008	2609902	2630989	2889008	3156413	3264033				3264033	3398544
D. Domestic Credit	SBD'000														
(i) Government (net)		-588895	-588895	-820237	-1001115	-588895	-820237	-1001115	-1421719	-1318238				-1318238	-1372730
(ii) Statutory Corporations		-59540	-59540	-59540	-59540	-59540	-59540	-59540	59540	36029				36029	-36029
(iii) Private Sector Credit		1137013	1221472	1209111	1209253	1230049	1271153	1361302	1397887	1417489				1417489	1494106
E. Interest Rates (average)	%														
(i) Savings Deposits		0.29	0.29	0.30	0.32	0.29	0.30	0.32	0.32	0.31				0.31	0.33
(ii) Time Deposits (6-12 months)		3.34	3.34	2.76	1.96	3.34	2.76	1.96	0.510	0.43				0.43	0.47
(iii) Lending		13.99	13.99	10.20	11.38	13.99	10.20	11.38	10.73	10.44				10.44	10.35
(iv) Bank Deposits with CBSI		0	0	0	0	0	0	0	0	0				0	0
F. Exchange Rates (Quarterly average)															
(i) US\$1.00 = S1\$		7.40	7.36	7.36	7.36	7.36	7.35	7.32	7.29	7.27				7.27	7.36
(ii) AU\$1.00 = S1\$		7.78	7.44	7.76	7.44	7.64	7.64	7.60	7.23	6.66				6.66	6.59
G. Honiara Retail Price Index (Q4 1992=100)															
Annual % change		162	168	168	167	170	178	179	177	174				174	185
		9.7	9.2	6.0	4.5	5.1	5.8	6.5	6.0	3.0				3.0	3.4
H. Tourists Arrivals		6073	4651	6926	7307	5038	5318	6195	6887	6031				6031	4754
I. Electricity Consumption	'000 KwH	16808	14811	13735	12945	13690	15473	15339	15386	15264				15264	16047
J. International Commodity Prices USD/ton															
(i) Copra		917	933	793	672	565	553	560	603	791				791	896
(ii) Cocoa		2468	2341	2282	2494	2451	2209	2307	2470	2770				2770	2950
(iii) Palm Oil		1025	1107	1088	995	809	853	851	827	897				897	911
(iv) Fish		1943	2089	2111	2347	2132	1750	2093	2069	1780				1780	1463
(v) Logs (USD/m3)		409	373	361	355	353	323	302	301	296				296	290

Source: Central Bank of Solomon Islands

NOTES TO STATISTICAL TABLES

Table 1.1	Depository Corporations Survey The Depository Corporations Survey (DCs) is derived from the Central Bank Survey (Table 1.2) and Other Depository Corporation Survey (ODCs) – (Table 1.3).
Table 1.2	Central Bank Survey The Central Bank Survey is derived from the assets and liabilities of the Central Bank of Solomon Islands (CBSI) which is based on the CBSI's monthly trial balance.
Table 1.3	Other Depository Corporations Survey <u>Deposits of banks</u> Following the introduction of a monthly reporting system in January 1989, all figures shown are for end of period. Some caution should be exercised, therefore, when making comparisons with past years which are period averages. <u>Shares and other equity</u> Included here are: Funds contributed by owners; Retained Earning and General Special Reserves.
Table 1.4a & 4b	Sectoral Distributions of Other Depository Corporation Credit Outstanding Loans and advances are classified by sector according to the main economic activity of the borrower and are compiled from the monthly returns submitted by commercial banks. ODCs Credit Outstanding includes credit issued from the commercial banks, credit corporations and credit unions to private sector excluding lending to non-financial public sector.
Table 1.5	Other Depository Corporations Liquid Assets Position The data are derived from the balance sheets of the banks. Effective January 1989, all figures are reported on end-month basis. Commercial banks are required to hold a percentage of total deposit liabilities in the form of liquid assets, as determined by the Central Bank. The surplus/deficit position shows the excess shortfall of liquid assets holdings over/below the statutory required level.
Table 1.6	Other Depository Corporations Clearing This table presents data on the total number and average value of cheques cleared by commercial banks at CBSI on a monthly basis.
Table 1.8	Value of Currency in Circulation by Denomination This includes notes and coins by denomination.
Table 1.12	Assets and Liabilities of Credit Corporation of Solomon Islands All lending is in motor vehicles for both private and businesses. The term deposits, most by NPF, are for terms 6 months and 4 years.
Table 1.13	Assets and Liabilities of The Solomon Islands National Provident Fund The major components of the assets is in commercial banks term deposits.
Table 1.14	Balance of Payments & International Position Statistics Summary

The format of this table is broadly consistent with the International Monetary Fund (IMF) standard analytical presentation. The major sources of data are the statistics Division of the Ministry of Finance, the commercial banks, the government accounts and the diplomatic offices.

In BOP concept, the surplus/deficit position in the current and capital accounts should also reflect a surplus/deficit in the financial account. Opposite positions between the current and capital accounts and the financial account reflected imperfections in available data at that time of reporting.

Table 1.20 Value of Imports by Import Category

The table is based on the Standard International Trade Classification (SITC) system.

Table 1.21 - 1.25 Foreign Exchange Transactions (FET)

The quarterly and annual tables of foreign exchange transactions receipts and payments originate from foreign currency flows through the banking system. The commercial banks report all daily foreign currency transactions on tickets which are submitted to the International Department for collation and compilation.

Table 1.26 Government Securities by holder and Instrument

The table is based on the Government Finance Statistics Framework of 2001.

Table 1.30 International Commodity Prices

All prices quoted are period averages. Prices quoted for fish are average prices for Yellow fin and Skipjack frozen tuna from INFOFISH Trade News bulletin published by the Food and Agriculture Organization (FAO). Price quoted for logs are from the Malaysia market.

Table 1.32 Production by Major Commodity

Value of major commodities classified based on the Standard International Trade Classification (SITC) system.

Table 1.33 Number, Value of Building Permits Issued, Honiara

The data over permits issued by the Honiara Town Council for construction of buildings in Honiara only.

Table 1.34 Total Visitor Arrivals

Visitors include tourist, business clients and others.

Table 1.35 Selected Economic Indicators

This table brings together some of the key data reported in various tables in the Review. See noted to relevant table (s).



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