



CENTRAL BANK of SOLOMON ISLANDS
P.O. BOX 634, Honiara, Solomon Islands

Press Release: 09/2019

Friday 4th September 2019

Monetary Policy Statement for September 2019

At its meeting held on October 3rd 2019, the Central Bank of Solomon Islands' (CBSI) Board adopted an accommodative monetary policy stance for the next six months.

Given the weak economic activity experienced in the first six months and that is expected to persist for the rest of the year, the Board deemed this stance appropriate to stimulate demand and support growth in the economy.

Moreover, inflationary pressures eased over the first five months of the year supported by price declines in both domestic and imported inflation during the review period. Headline inflation declined to 1% in May following a 4.2% increase in December 2018. Core inflation fell to 1.5% in May from 1.7% in March. The Board expects headline inflation to be contained at around 2.1% by year end.

The growth projection for 2019 has been revised down to 2.7% from the earlier forecast of 3.7% in March. This slower than expected growth reflected a fall in production in the forestry sector and agricultural cash crops, and slower fiscal performance in the first half of the year. There are risks to this outlook and CBSI will continue to monitor the macroeconomic developments in the economy and take appropriate actions if necessary.

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