

Monthly Economic Bulletin

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

Content	Page
I. Monetary Developments	1
II. External Conditions	1
III. Government Finances	2
IV. Domestic Production	2
V. Key Economic Indicators	3

I. MONETARY DEVELOPMENTS

Money supply (M3) declined by 1% to \$5,535 million in April 2022. This was due to the fall in narrow money (M1) and other deposits, moving by 1% to \$4,525 million and 0.3% to \$1,011 million respectively. The fall in M1 came from reductions in both currency in active circulation and demand deposits. Likewise, the downturn in other deposits came from declines in both time and saving deposits.

Net foreign assets (NFA) of the banking system dropped by 2% to \$4,985 million in April 2022, reversing a 2% growth in March. This was driven particularly by Central Bank's NFA, falling by 2% to \$4,962 million. Net foreign assets of other depository corporations also decreased from \$39 million to \$23 million. NFA of the banking system narrowed on an annual¹ basis by 2%.

Private sector credit (PSC) of the banking system edged 0.3% lower to \$2,517 million. On the other hand, net credit to government (NCG) surged by 7% to \$1,141 million due to the increase in government deposits in the banking system. Annually, PSC declined by 1% while NCG moved 10% higher.

Total banking liquidity declined by 1% to \$2,591 million in April 2022. This came from the growth in NCG during the month. Consequently, both free and excess liquidity decreased by 1% to \$2,350 million and \$2,172 million respectively. Meanwhile, required reserves fell by 3% to \$242 million due to reduced deposits in the banking system.

Domestic Market Operations

The stock of Bokolo Bills held in April 2022 was \$370 million, a decline from \$371 million in March. The weighted average yield (WAY) for Bokolo Bills was sustained at 0.10% from the previous months. Meanwhile, Treasury Bills tendered in April totaled \$23 million, of which \$14 million was accepted. The T-bills' WAY for 91, 182, and 365 days all remained fixed from the previous month at 0.49%, 0.98%, and 1.87%, respectively.

¹ The percentage change on annual basis refers to growth comparison against end of 2021

II. EXTERNAL CONDITIONS

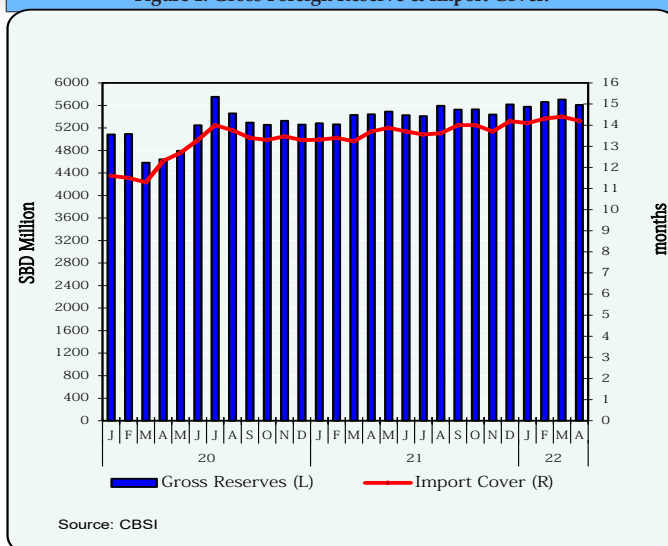
Trade in Goods

The balance on trade in goods for April 2022 reflected a widened deficit of \$360 million from \$159 million in the previous month. This negated outcome stemmed from a 5% fall in exports to \$223 million coupled with a 48% surge in imports to \$583 million. The decline in exports was primarily driven by the drop in almost all export commodities except for agricultural exports during the month. Meanwhile, the jump in imports was attributed to increases in mineral fuel and machineries imports.

Reserves

Gross foreign reserves in the month, slid by 2% to \$5,610 million. This was driven by more outflows and revaluation losses during the period. This level of reserves is sufficient to cover 14.2 months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



Exchange rate

In April, the Solomon Islands dollar appreciated against all tradable currencies within the basket. Against the United States dollar, it appreciated by 0.3% to an average of \$8.03 per USD. It strengthened against the Australian and New Zealand dollar by 0.1% to \$5.92 per AUD and 1.5% to \$5.44 per NZD respectively. Similarly, it went up against the British pound, Japanese Yen and Euro during the period. On the other hand, the total weighted index weakened by 0.2% to 108.9 during the period.

III: GOVERNMENT FINANCE

The government recorded a surplus of \$40 million in April 2022, reflecting reduction in expenditure by 28% to \$172 million. Nevertheless, total revenue contracted by 34% to \$212 million, stemming from lower collections on tax and non-tax receipts. Meanwhile, the government’s debt stock fell by 2% to \$1,824 million, attributed to debt servicing and depreciation of debt denominated currencies against the SBD. Accordingly, external debt declined by 3% to \$1,077 million whilst domestic debt increased slightly by 0.2% to \$747 million. Debt servicing totalled to \$15 million in April 2022, \$14 million on principal repayments and \$1 million on interest charges.

IV: DOMESTIC ECONOMY

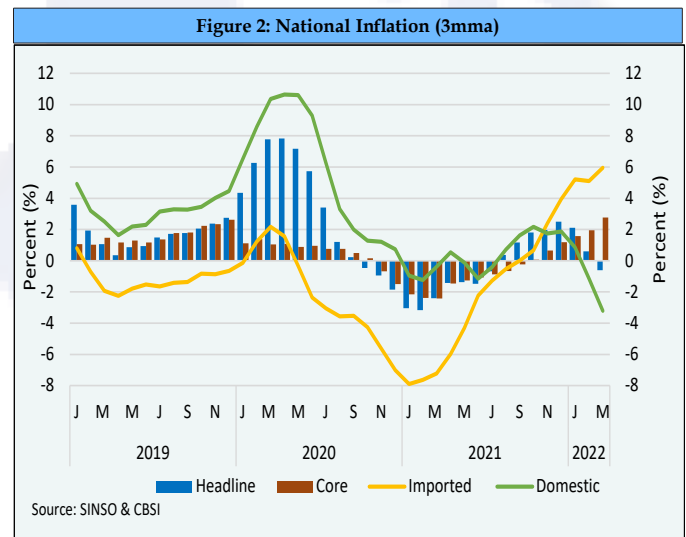
The preliminary production index for April 2022 dropped to 53 points from a revised 61 points in March. The negative outcome emanated from the downturn in round logs by 15% to 115 thousand cubic meters, crude palm oil by 11% to 2,229 tons, and fish catch by 9% to 1,970 tons. In contrast, copra grew by 17% to 623 tons, and cocoa by 57% to 35 tons.

The average global prices for all export commodities declined except for cocoa price that remained at US\$2,460 per ton during the month. Fish price fell by 3% to US\$1,429 per ton, crude palm oil by 5% to US\$1,683 per ton, coconut oil dwindled by 6% to US\$2,095 per ton, and round logs prices dropped from US\$251 per cubic meters to US\$236 per cubic meters.

Consumer Price Index, Inflation (YoY - 3mma)

Headline inflation eased to minus 0.6% in March 2022 from 0.6% in February. Declining consumer prices in the domestic component of inflation contributed

to this fall. Domestic inflation eased to minus 3.2% from minus 1.2% whilst imported inflation on the other hand, rose to 6.0% from 5.1% in February. Core inflation during the month, likewise, went up to 2.8% from 1.9% in February.



CBSI Monthly Price Index (MPI)

The CBSI MPI for the selected consumer items in April 2022 went up from the index of 106 to 112 points on the back of rising fuel prices by \$1.38 to \$12.33 per litre following the Russia-Ukraine crisis. Solrice family 40lb rice increased by 60 cents to \$136.60 per bag, the domestic user tariff by 22 cents to \$6.89 per KWh, and betel-nut by 4 cents to an average of \$1.09 per nut. Meanwhile, LP gas remained unchanged during the month, sitting at \$26.58 per KG.

Solomon Islands Key Economic Indicators

		Nov 21	Dec 21	Jan 22	Feb 22	Mar 22	Apr 22
Consumer price index (% change)	Headline (3mma)	2.0	2.5	2.1	0.6	-0.6	na
	Underlying (3mma): core 3	0.7	1.2	1.6	1.9	2.8	na
	Headline (MoM)	-0.1	0.4	0.0	-0.3	1.8	na
CBSI MPI (weighted Index)	Month- on - Month	102	103	106	110	106	112
Trade¹ (eop)	Exports (\$ millions)	168	368	184	138	207	223
	Imports (\$ millions)	321	403	202	271	393	583
Exchange Rates (Mid-rate, Monthly average)	SBD per USD	8.05	8.10	8.08	8.10	8.05	8.03
	SBD per AUD	5.90	5.78	5.81	5.79	5.93	5.92
	SBD per NZD	5.66	5.49	5.40	5.40	5.52	5.44
	SBD per GBP	10.85	10.76	10.96	10.96	10.62	10.39
	SBD per 100 JPY	7.06	7.11	7.04	7.03	6.81	6.37
	SBD per EUR	9.20	9.15	9.18	9.18	8.88	8.69
	TWI	108.6	109.8	109.6	109.9	108.71	108.88
Gross Foreign Reserves (eop)	\$ milions	5,438	5,430	5,576	5,661	5,705	5,610
Liquidity² (eop)	Total Liquidity (\$ millions)	2,582	2,515	2,588	2,793	2,623	2,591
	Excess Liquidity (\$ millions)	2,146	2,083	2,159	2,353	2,190	2,172
Money and credit² (eop)	Narrow Money (\$ millions)	4,574	4,590	4,676	4,601	4,567	4,525
	Broad Money (\$ millions)	5,698	5,720	5,707	5,623	5,580	5,535
	Private Sector credit (\$ millions)	2,526	2,544	2,512	2,479	2,526	2,517
Interest Rates (weighted average yield)	28-days Bokolo Bills rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.10%
	91- days Treasury Bills rate	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%
	182-days Treasury Bills rate	1.00%	0.99%	0.99%	0.99%	0.98%	0.98%
	365-days Treasury Bills rate	1.89%	1.89%	1.89%	1.89%	1.87%	1.87%
Government Finance³	Revenue (\$ millions)	227	338	177	133	323	212
	Expenditure (\$ millions)	236	292	149	174	240	172
	Fiscal Balance (\$ millions)	-9	46	28	-41	83	40
	SIG Debt stock (eop) (\$ millions)	1,888	1,886	1,879	1,878	1,854	1,824
Global Commodity Prices (monthly averages)	Round logs - (US\$/m3)	261	261	259	259	251	236
	Gold - (US\$/oz)	1,822	1,790	1,816	1,856	1,948	1,937
	Palm Oil - (US\$/tonne)	1,348	1,270	1,345	1,522	1,777	1,683
	Fish - (US\$/tonne)	1,354	1,354	1,596	1,492	1,471	1,429
	Coconut oil - (US\$/tonne)	1,961	1,696	2,016	2,148	2,230	2,095
	Cocoa - (US\$/tonne)	2,390	2,380	2,470	2,550	2,460	2,460

¹ Value in terms of free on Board (FOB)

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

³ Based on GFSM2014 standards.

Note;
na : not available at time of publication.