MONTARY POLICY STATEMENT

September 2022

CENTRAL BANK OF SOLOMON ISLANDS

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1. Overview

Global conditions deteriorated as the war brought in a new set of added challenges to the lingering effects of COVID-19, further compounding the disruptions to the supply chains globally and the associated spikes in inflation and commodity prices.

Global growth projection was revised down to 3.2%, 0.4 percentage point lower for 2022 than previously forecasted in April 2022. This downward revision was owed mainly to downturns in the US, China and European economies.

Global inflation accelerated significantly in the first half of 2022, fuelled by soaring food and energy prices as well as lingering supply-demand imbalances. It is expected to reach 6.6% in advanced economies and 9.5% in emerging market and developing economies by year end, an upward revision of 0.9 and 0.8 percentage points respectively. Global food prices remained high on account of spill-over effects from the war, increasing food security concerns in countries highly dependent on food imports and further compounding recent inflationary pressures.

Domestic economic conditions remained weak in the first six months of the year, as in the second half of 2021, driven by lingering effects from COVID-19 and exacerbated by spill-over effects from the war in Ukraine. All sectors recorded falls across the period except communication and investment which picked up during the period.

Monetary conditions slowed with key monetary aggregates weakening over the period. Reserve money (M0) declined by 5% whilst narrow money (M1) and broad money (M3) muted. In contrast, total liquidity, PSC and interest rate margins declined over the first half of 2022.

The Balance of Payments (BoP) recorded a deficit position in the first half of the year, reversing the surplus posted in the corresponding period in 2021. The outcome reflected wider current account deficit recorded over the period on account of weakening trade in goods and services. Accordingly, gross foreign reserves declined by 3% over the period.

On the fiscal front, the government recorded a deficit of $95 million bolstered by lock-downs and late passage of the budget during the first half of the year which led to lower revenue collections and expenditure during the year. The government's debt stock stood at 14% of GDP at the end of June 2022.

Headline inflation in May (latest available) eased to 1% from 2.5% in December 2021 driven primarily by the decline in domestic inflation which fell to negative 2.5% from 1.9% in December 2021. Nonetheless, imported inflation surged to 10.1% in May from 4% in December 2021, reflecting higher food and fuel prices pass-through in the first half. Core inflation rose from 1.2% to 4.1% attributable to broad price increases during the period.

At this juncture, the country's Real GDP for 2022 is projected to contract by 4.3% in 2022 against the -7.3% growth anticipated in the March 2022 MPS, buoyed predominantly by the early lifting of all restrictions, opening of international travels, and on-going constructions of capital projects and road upgrades in the country. This construction led growth is expected to continue into 2023 however, high uncertainties and risks remain in the horizon.

2. International Economic Developments

1.1. Global Growth

The global economic outlook[1] is dimmer and highly uncertain as it was hit by multiple shocks from the Russia-Ukraine war and China's renewed lockdowns and trenching property market. These have inextricably linked to finance, and knock-on effect effects on global trade, commodity prices, and inflation which widely spill over across economies. Given these shocks, the IMF revised down the global growth in 2022 by 0.4 percentage points (pp) to 3.2% and a further slower growth to 2.9% for 2023 with significant downgrades for the three largest economies – the United States, China, and Euro Area. The risks are weighed downwards from the scarring

[1] All statistics in this section are obtained from the IMF World Economic Outlook July 2022 Update, unless otherwise stated.

effects of the Russia-Ukraine war, supply-chain disruptions, prolonged high levels of inflation, tighter financial conditions, pandemic lockdowns, and escalation of the Chinese property market crisis. The materialisation of these risks would potentially trim growth further.

Unavoidable from these disruptions, advanced economies faced broad downward revisions in 2022 by 0.8 pp to 2.5% with the biggest cut to the US forecast by 1.4pp to 2.3% for 2022 and further tumble to 1.4% in 2023. In emerging markets and developing economies, growth is downsized by 0.2pp to 3.6% in 2022 driven largely by a significant cut in China's growth.

On the regional front, Australia and New Zealand faced similar growth trends. Growth in Australia is revised down by 0.4 pp to 3.8% in 2022. On a quarterly basis, the Australian economy slowed from 4.2% in December 2021 to 3.3%[2] in the March 2022 quarter, driven by the omicron outbreak and flooding in parts of Australia. New Zealand is projected to ease to 2.7% in 2022 from 5% in 2021, and in the March 2022 quarter, growth fell to 5.1%[3] from 5.6% in December 2022 following a fall in dairy and meat exports.

1.2. Global Commodity prices

Global commodity prices in the first half of 2022 were broadly higher impacted by the Russia-Ukraine war which began in February. According to the World Bank commodity price indices, energy prices surged by 41% and non-energy prices increased by 15% during this period. Accordingly, tapis crude oil prices rose sharply by 29% in the March quarter to US$106 per bbl and a further 12% rise in the June quarter reaching US$119 per bbl.

1.3. Global Inflation

Following the hike in commodity prices particularly fuel and food, global inflation is revised up in 2022 with advanced economies expecting a further rise by 0.9 pp to 6.6% and emerging markets and developing economies up by 0.8 pp to 9.5%. Supply-demand imbalances and spillover effects from the war in Ukraine are two major factors. Underlying inflation also trended up reflecting pass-through effects. This spike in inflation prompted monetary policies to be tightened. Countries that are highly dependent on imported fuel and food have been affected the most by this high inflation.

Inflation in Australia and New Zealand were on high ends with Australian inflation rising to 6.1% in the June quarter while in New Zealand, inflation stood at 7.3%. The central banks responded by raising the policy rates to combat the higher inflations.

3. Domestic Economic Development

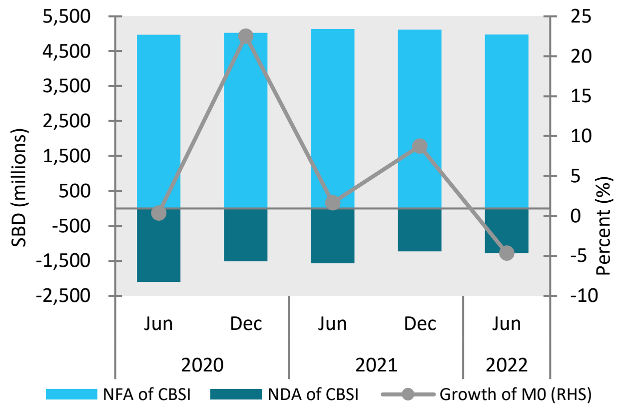
3.1. Monetary Conditions

Monetary conditions in the first half of 2022 saw a fall in reserve money (M0) whilst narrow money (M1) and broad money (M3) recorded minimal growths. Total liquidity in the banking system declined while other depository corporations' (ODCs) interest rate margins widened during the period.

3.1.1. Reserve Money

Reserve money (M0) declined by 5% to $3,699 million in the first half of 2022, reversing a 9% growth recorded in the last six months of 2021. The fall reflected a decrease in both the currency in circulation issued and other depository corporations (ODCs) call balances by 6% to $1,171 million and 4% to $2,525 million respectively. On the sources side, this downturn mirrored a fall in the CBSI's net foreign asset (NFA) by 3% to $4,982 million and a widening of the CBSI's net domestic assets (NDA) by 4% to minus $1,276 million.

Figure 1: Drivers of Reserve Money (M0)



Source: CBSI

3.1.2. Money Supply

Broad money (M3) recorded a minimal increase of 0.03% to $5,525 million in the first half of 2022, following a 2% increase recorded in the second half of 2021. This was driven by increases in narrow money by 1% to $4,449 million. Other deposits fall by 2% to $1,077 million. On the sources side, the increase in NFA of the banking system by 2% to $5,412 million supported the outcome. The NDA of the banking system on the other hand, declined by 41% to $155 million.

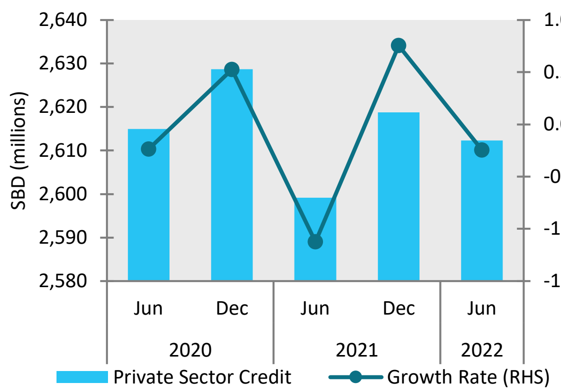
[2] ABS, annual change, 1 June 2022

[3] Stats NZ, annual change, 16 June 2022

3.1.3. Credit Conditions

Private sector credit (PSC) decreased marginally by 0.2% to $2,612 million in the first half of 2022, following a 1% fall recorded in the previous period.

Figure 2: Credit to Private Sector



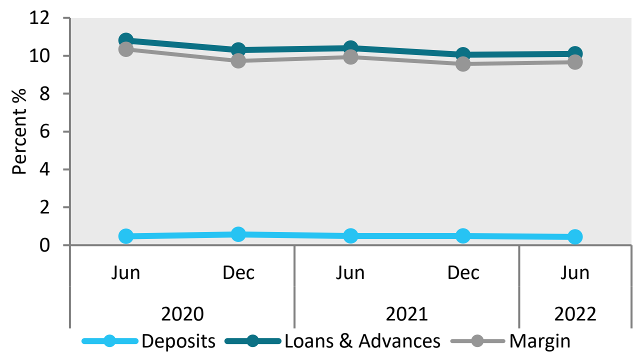
Source: CBSI

The downturn was driven by a fall in ODC's lending by 0.2% to $2,595 million. The major sectors that contributed to the fall included manufacturing, forestry, tourism, distribution, private financial institution, and professional & other services. Meanwhile, the personal, agriculture, construction, transportation, and entertainment sectors increased over the same period.

3.1.4. Interest Rates

The indicative weighted average deposit rates fell to 0.44% in June 2022 from 0.49% recorded in December 2021, whilst the indicative weighted average lending rates increased to 10.09% from 10.05% over the same period.

Figure 3: Interest Rates



Source: CBSI

As a result, the ODCs' interest rate margin slightly widened to 9. 65% in June 2022 from 9.56% posted in December 2021. The fall in the weighted average deposit rates reflected the decline in term deposit rates. Meanwhile, the rise in the weighted average lending rates reflected an uptick in lending rates to manufacturing, agriculture, private financial institutions, distribution, and Professional & other services.

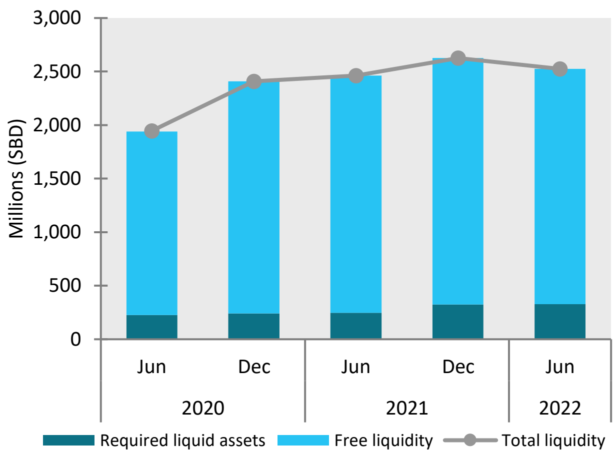
3.1.5. Open Market Operations

The stock of Bokolo bills issued in the first half of 2022 remained capped at $430 million, in line with CBSI's expansionary monetary policy stance to lower the impact of COVID-19 on the financial system. During the same period, the weighted average interest rate for Bokolo bills remained unchanged at 0.10% in June 2022. The stock of auction treasury bills issued recorded $83.2 million by end of June 2022, as the maximum limit increased to $200 million. Therefore, the weighted interest rates offered for 91-days remained unchanged at 0.49% as of September 2018. The weighted interest rates for 182- days and 365-days both declined to 0.97% and 1.85% respectively.

3.1.6. Liquidity Levels

Total liquidity levels in the banking system declined by 4% to $2,525 million in June 2022, from $2,626 million recorded in December 2021.

Figure 4: Liquidity



Source: CBSI

The downturn reflected the fall in CBSI's NFA combined largely with the increase in government deposits in the last six months. This resulted in a 5% fall to $2,197 million in free liquidity and a 3% decline in excess liquidity to $2,039 million over the same period.

3.2. Domestic Conditions

Domestic conditions remained sluggish during the first half of 2022, furthering the weak movements in the second half of 2021. The subdued outcome was expected from the combined effects of the COVID-19 outbreak and lockdowns, and the supply-related shock from the war in Ukraine. As a consequence, this setback growth in all the sectors of the economy during the six months to June 2022 except for the communication and investments sector. Labour market conditions, on the other hand, picked up in the six months to June 2022 compared to the last six months to December 2021, reflecting mainly positive construction activities during this period.

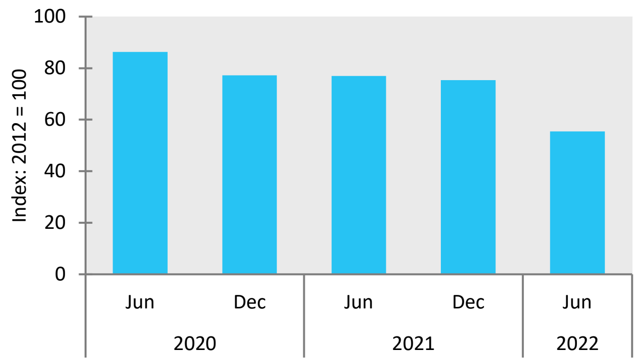
3.2.1. Economic Growth

Following the lifting of COVID-19 restriction measures together with the construction of Pacific Games sporting facilities and the upgrade of Kukum Highway and Henderson airport, the country's economy is estimated to improve to -4.3% from -7.3% forecasted earlier in the March 2022 MPS. Although the economy is projecting some improvements, there are still uncertainties ahead that might reverse this prospect.

3.2.2. Production Index

Production index, a partial indicator for domestic conditions dwindled further to 55 index points in the six months to June 2022, 26% lower than the 75 points recorded in the six months to December 2021. The weak outcome was evident across all the export commodities namely: logging, palm oil, fishing, copra and cocoa, although, some of the world commodity prices were relatively strong.

Figure 5: Production Index

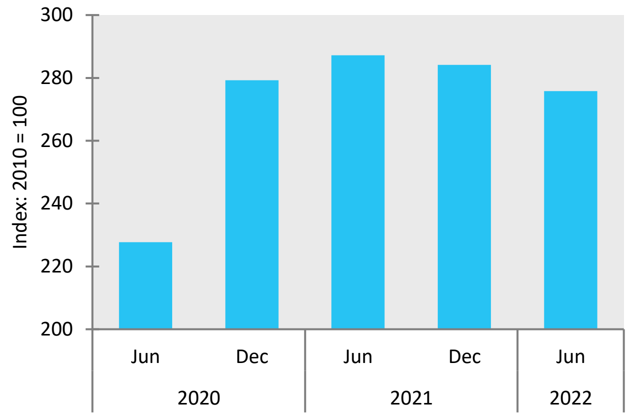


Source: CBSI

3.2.3. Manufacturing

Performance in the manufacturing sector contracted further to 281 index points in the first six months of 2022 from 284 points in the second half of 2021.

Figure 6: Manufacturing Index



Source: CBSI

The unfavourable result was driven by lower manufactured goods for exports outweighing manufactured goods for domestic consumption.

3.2.4. Other Sectors

Activities in the other sectors of the economy posted mixed movements in the reviewed period with the communication index improving by 7% to 751 index points owing to the increase in internet usage by 15% during the COVID-19 outbreak. Energy usage, wholesale and retail, and tourism sector contracted on the back of the COVID-19 outbreak disruptions.

3.2.5. Employment

Developments in the labour market improved marginally in the first half. SINPF members' contributions, a proxy indicator for employment picked up by 0.4% to 55,812 contributors (active and slow active). The slight growth came from recruitment in the construction sector. Job advertisements in contrast, waned in the first half.

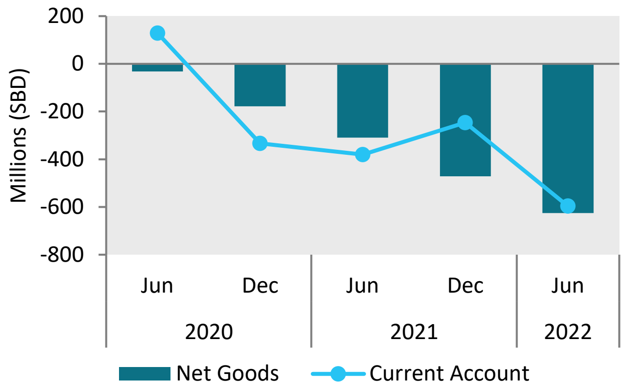
3.3. External Conditions

The Balance of Payments (BOP) position recorded a deficit equivalent to minus 0.3% of GDP (-$20 million) in the first half of the year from a revised surplus of 4.8% of GDP ($296 million) in the second half of 2021. This outcome reflected the widening deficit in the current account which outweighed the surpluses in the capital and financial accounts. As a result, the level of gross foreign reserves fell by 3% over the period.

3.3.1. Current Accounts

The current account balance deficit widened to minus 10% of GDP (-$597 million) in the first six months to June 2022 from minus 4% of GDP (-$247 million) in the second half of 2021. This outcome was underpinned by a notable expansion in the trade in goods deficit combined with a wider deficit in trade and services, and a reduction in secondary income surplus. These outweighed the rise in primary income surplus during the period.

Figure 7: Trade and Current Account



Source: CBSI

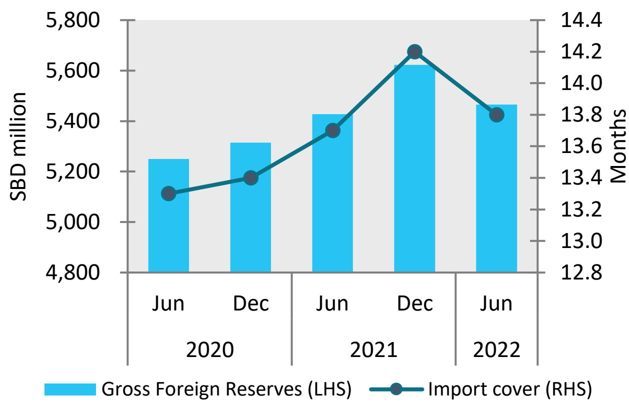
The negative outturn in trades in goods was largely driven by the decline in exports, falling by 19% to $1,278 million. This outcome stemmed from the reduction in all major export commodities particularly round logs, fish, cocoa, palm kernel oils and other exports due to lower output over the first half of 2022 as a result of the COVID-19 lockdowns and restrictions and generally weaker production. Meanwhile, imports dropped by 7% to $1,904 million over the period driven by declines in machinery and transport equipment, basic manufactures, beverages and tobacco and crude materials despite higher payments on mineral fuel and food imports. The trade in services balance deteriorated to minus $496 million from minus $443 million due to higher services payments. Similarly, secondary income fell by 29% to $411 million driven by lower donor inflows. On the other hand, primary income recorded another surplus of $115 million attributed to the increase in compensation of employees.

3.3.2. Capital and Financial Accounts

On the contra side, the capital and financial account surplus increased to 10% of GDP ($598 million) from 6% of GDP ($369 million) in the preceding six months. This outcome was due to the surplus in the capital account reflecting a sizeable expansion in donor capital grants to $545 million over the first half of 2022, whilst the net financial account fell significantly by 65% to $53 million. The positive outturn in the capital account is associated with the pick-up in donor capital projects. Meanwhile, the weaker financial account is due to the reduction in foreign direct investment inflows and the increase in foreign currency holdings by commercial banks.

3.3.3. Foreign Reserves

Figure 8: Gross Foreign Reserves



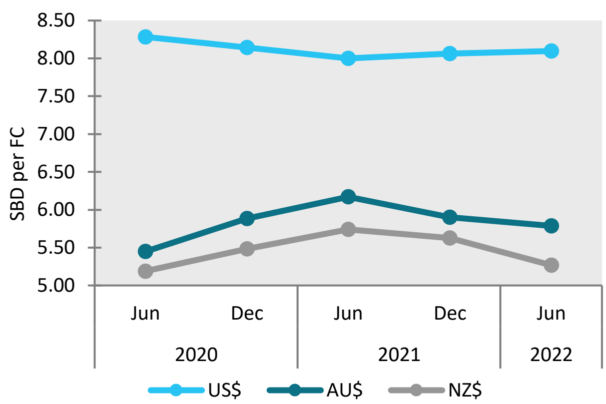
Source: CBSI

Given the unfavourable conditions in the external sector and the deterioration in the current account balance during the first half of this year, the gross foreign reserves fell by 3% to $5,465 million at the end of June 2022. This level of foreign reserves is adequate to cover around 13.8 months of import cover.

3.3.4. Exchange Rate

The weaker external conditions in the first six months to June 2022, along with the movements in the global currencies, particularly the strengthening of the US dollar (USD), had led to the weakening of the Solomon Islands dollar (SBD) by 1.3% against the Trade Weighted Basket to 110 points. Against the key bilateral currencies, the SBD depreciated against the USD by 0.3% to $8.09 per USD. However, it strengthened against the Australian dollar by 1.4% to $5.28 per AUD and against the New Zealand dollar by 4.6% to $5.36 per NZD.

Figure 9: Nominal Bilateral Exchange Rates

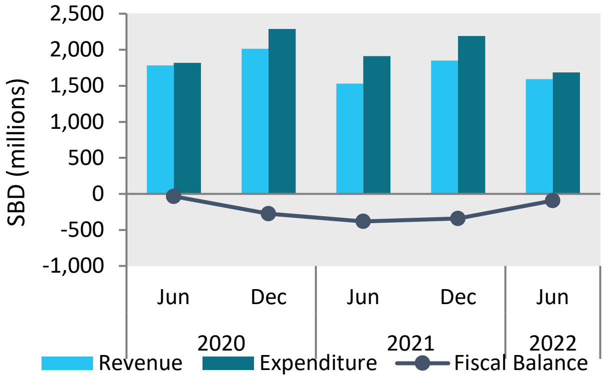


Source: CBSI

3.4. Fiscal Conditions

The fiscal sector's ability to continue supporting economic recovery in the first six months of 2022 was made challenging following the city-wide lockdown early this year due to the covid-19 outbreak. This combined with the flow on impact of the 2021 November riot less than two months earlier and the delay in budget execution constrained the scope for early fiscal policy responses to spur economic recovery.

Figure 10: Fiscal Balance



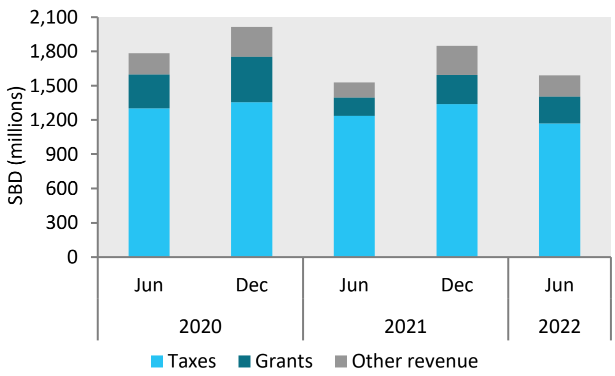
Source: MOFT and CBSI

Hence, total revenue collections in the first six months of 2022 fell by 14% to $1,594 million while expenditure also contracted by 23% to $1,685 million against the second half of 2021, resulting in a fiscal deficit of $95 million recorded in the first half of 2022. Meanwhile, the government's debt stock declined to 14% of GDP from 15% recorded at the end of December 2021, largely driven by exchange rate movements in favour of the Solomon Islands Dollar (SBD).

3.4.1. Revenue

Total revenue fell by 14% to $1,594 million against the second half of 2021 and by 8% against the budget. This mirrored declines in all revenue categories. However, this level was 4% higher than the same period in 2021.

Figure 11: Government Revenue



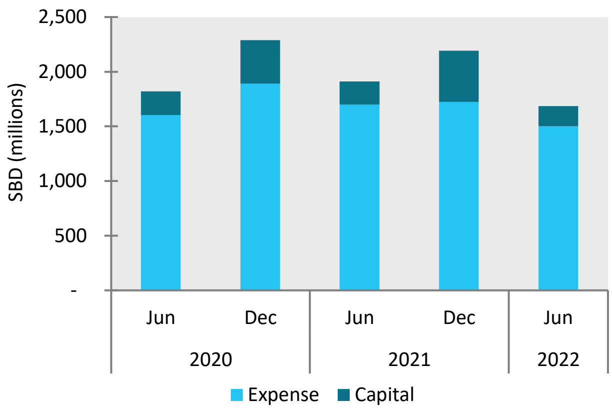
Source: MOFT and CBSI

Tax revenue declined by 12% to $1,174 million against the latter half of 2021. This came from declines in all major tax categories. Taxes on income and profit taxes fell by 6%, GST by 25% and taxes on trade by 2%. On a year-on-year basis, tax revenue was 5% lower and 8% below the budget. **Non-tax revenue** fell to $183 million, 28% lower than the second of half 2021 and 10% lower than the budget. However, this level was nearly 50% higher in the same period in 2021. Meanwhile, **donor support** totalled $236 million, 8% lower than the prior six months and 10% below the budget. However, against the same period in 2021, this was almost 40% higher

3.4.2. Expenditure

Total expenditure contracted by 23% to $1,685 million against the second half of 2021.

Figure 12: Government Expenditure



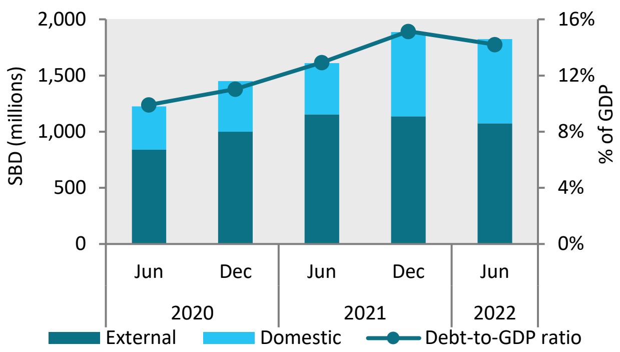
Source: MOFT and CBSI

This lower spending reflected a drag on operational activities due to the COVID-19 outbreak earlier this year, the budget delay and the lingering impacts of the 2021 November riot. Recurrent expenses fell by 13% to $1,501 million driven by reductions in payroll, other charges, and benefits and transfers. Capital-related spending also fell by around 60% to $184 million reflecting the budget delay. Meanwhile, total expenditure was down by 12% year-on-year and by 24% against the budget.

3.4.3. Central Government Debt Stock

The central government debt stock fell by 3% to $1,823 million against December 2021, driven in part by depreciation of debt-denominated currencies against the SBD and debt servicing. This reduces the debt-to-GDP ratio to 14% from 15% at the end of December 2021. The external debt fell by 6% to $1,073 million against the December 2021 driven largely by exchange rate movements, particularly depreciation of the Japanese Yen. On the other hand, domestic debt grew slightly by 0.2% to $750 million driven by the ongoing issuance of Treasury Bills.

Figure 13: Government Debt



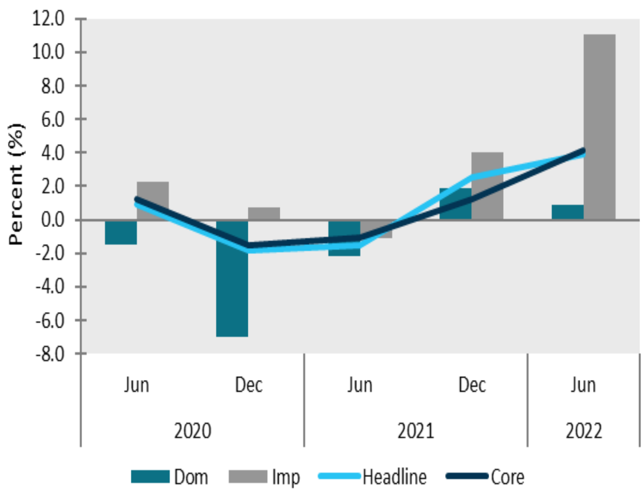
Source: MOFT and CBSI

Total debt servicing rose to $127 million, 1% of GDP, in June 2022 from $104 million at the end of December 2021. Principal repayment increased by 13% to $106 million whilst interest payment more than doubled to $21 million.

3.5. Inflation Development

The headline inflation (annual change of 3 months moving average) increased in June 2022 to 3.9% from 2.5% in December 2021.

Figure 14: Inflation



Source: SINSO and CBSI

This outcome reflected rising food and fuel prices owed to pandemic and war effects. Imported inflation rose to 11.1 from 4% in December 2021. Domestic inflation on the other hand, eased to 0.9% from 1.9% reflecting mainly the decline in the prices of narcotics (betel nuts) in the local market. The bank estimated that excluding narcotics in the headline, the inflation would have been above 5%.

Despite the large fall in the narcotics index, the index of fruits, vegetables, purchase of motor vehicles, transport equipment, and fuel and lubricants recorded a one-off jump in April/May compared to their trend path. A permanent higher index for these consumer items would imply a faster rebound in headline inflation in the second half of 2022.

Core inflation (exclude price control, excise, and volatile items) rose to 4.1% from 1.2% in December 2021 reflecting that market prices, in general, were picking up faster. This suggests a couple of behavioural factors – firms have adjusted their prices up incorporating higher input costs such as transport and electricity costs, and suppliers may anticipate household consumption demand to be neutral as COVID-19 lockdown measures eased following the Community Transmission beginning of January 2022.

CBSI price monitor of selected items in Honiara in June 2022 rose to 116 points from 103 points in December 2021. This was driven by the pump stations fuel price which rose 30% to $13.34 per litre, domestic electricity user tariff by 26% to $8.03 per KWh, and rice (Solrice 40lb product) by 1% to $136.20 per bag

4. Domestic Economic Outlook

4.1. Real Economy

The country's annual output is projected to remain weak at minus 4.3% in 2022 and recover in 2023 to 2.0% reversing the gloomy outlook during the March 2022 Monetary Policy Statement. The growth improvement is anticipated in the second half of the year following the lifting of the State of Public Emergency (SOPE) and COVID-19 restriction measures. These would be supported by the ramp up in construction activities for the Pacific Games sporting facilities, upgrade of Kukum Highway and the Henderson International Airport. The construction led-growth is expected through to 2023 with spillover benefits from hosting the Pacific Games to accommodations, transport, and other services sectors. Forestry on the other hand, is forecasted to gradually fall over the medium term.

There are uncertainties ahead including lingering effects of the pandemic, the Ukraine war, slower growth in China, and climate variations that can have negative repercussions to trade and the country's economic growth.

In the medium term 2024-2026, the economy is anticipating a growth of 1.8% on average from all other sectors except for forestry and slower construction activity as Pacific Games constructions are all completed. The slower growth points to a direction of new sources of growth.

4.2. Fiscal

The short-to-medium-term fiscal outlook remains bleak. In 2021, the average stock of cash reserves was $270 million, less than the IMF's minimum cash threshold of $300 million. This rendered the use of cash reserves as fiscal buffers insufficient. This sets the base against which the 2022 budget is formulated. So far this year, the average stock of cash balances is around $280 million.

In 2022, the size of the fiscal deficit is expected to hover around 9% of GDP, consistent with the government's forecast. Lower tax revenue prospects against the government's mounting expenditure pressures is the primary reason for the large fiscal deficit expected this year. Recent economic developments both abroad and at home paint a bleak outlook for the fiscal sector. On the external front, inflationary pressures now triggering financial tightening in the world's largest economies, the United States, China and Euro area, have dented global growth prospects. Slower growth in China means weaker demand for our log exports thus, fewer tax revenues from export duties on logs. Log prices too are trending downwards. The slowdown in the Euro area, export destinations for our key export commodities including coconut and palm oil, and fish will affect export receipts. On the domestic front, fewer export receipts earned by domestic businesses will translate into weaker domestic demand for consumption and negatively impact the domestic revenue collections on income and profit taxes, and GST.

On the expenditure side, government spending is expected to hover around the $4 billion in 2022 and over the medium term. Spending pressures will feed in from commitment towards the PG this year and next year, and elections in 2024. Besides these commitments, the government is the country's fiscal agent to continue to allocate resources to support economic recovery. With economic prospect remaining muted, sustaining fiscal operations at the current level requires more donor funding to avoid debt rising faster than otherwise. If the current rate of government borrowing persists, $500 million annually, the debt-to-GDP ratio could reach 30% of GDP within the next 5-10 years.

4.3. External

The outlook for the balance of payments is for a widening of the current account balance due to the projected decline in exports of goods, lower FDI inflows and higher outflows. Although this is likely to be partially financed by the surplus capital and financial accounts, this will not be sufficient to offset the overall balance deficit. Meanwhile, gross foreign reserves is anticipated to remain at sufficient levels.

Over the medium term, the external sector outlook is tilted downwards reflecting the risks associated with the uncertainties and negative spillovers of the Ukraine war, the projected decline in the forestry sector combined with the negative impacts of climate change variations on domestic output and any further outbreak of COVID-19. As a result, the balance of payments forecasts a wider current account deficit averaging around 14% of GDP and a decline in gross foreign reserves going forward.

4.4. Monetary

The developments in the key monetary aggregates including reserve money, narrow money, and broad money are expected to fall in 2022. Growth in private sector credit is projected to increase at a slower pace. Excess liquidity is projected to increase by end of 2022 in line with the anticipated slower growth forecast. In 2023, key monetary aggregates are expected to continue to fall for reserve money and broad money whilst private sector credit is expected to pick up at a slower rate. Nevertheless, the unfavorable developments and uncertainties in the external sector are the major downside risk to this outlook.

4.5. Inflation

The headline inflation is projected to be 6.9% at the end of 2022, higher than the 3.2% the bank previously projected in the March 2022 Monetary Policy Statement. The speed and size of the rise in imported fuel and food prices in the first half of 2022 were much higher than earlier forecasted. With the ongoing war in Ukraine and higher global inflation, imported prices are estimated to rise further in the second half of 2022. The bank also considered that the upward movement in fruits, vegetables, solid fuels, purchase of vehicles, and transport equipment in the April and May CPI have the potential to push up headline inflation. The fall in narcotics observed in the first four months of 2022 is assumed to reach a trough level and therefore not going to repress inflation in the second half. However, any significant variation in the narcotic index can alter the headline inflation outlook.

Core inflation is also projected to revise up between 5% and 6% by the end of the year, considering the pass-through effect of the surge in world fuel prices along with the supply chain in the domestic market impacting broad consumer items.

Meanwhile, the risks to the inflation outlook are on the upside, particularly with the uncertainties in the global market and the longevity of the hike in world crude oil and food prices. In the worst-case scenario without counteracting policy measures, the headline inflation could climb to 8% by end of the 2022.

Over the short-to-medium term, inflation is forecasted to remain high above 5% until March 2023 before gradually declining to December 2023 on the assumption that prices would reach a peak level in 2022 and remain at that level. In the event that this assumption holds, headline inflation at the end of 2023 is expected to ease between 2% and 3% and core inflation to be slightly above 3%. However, the uncertainty in the medium-term horizon is high as any shocks to the supply side factors to inflation such as world prices or weather can potentially change the inflation outlook.

5. Monetary Policy Stance

In light of the projected higher inflation and elevated uncertainties, CBSI will pursue an accommodative monetary policy stance, geared more towards taming inflation for the next six months. This is to ensure the risks of high inflation are managed while at the same time economic recovery is supported. The economy is projected to slowly recuperate in the second half of the year following the ease of COVID-19 measures. However, should the situation change, the Bank shall take appropriate actions accordingly.