

Monthly Economic Bulletin

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I. MONETARY DEVELOPMENTS

Money supply (M3) rebounded by 2% to \$5,589 million in November 2022, following a 1% dip in October 2022. This was driven by a 3% growth in narrow money (M1) to \$4,585 million offsetting a 0.3% fall in other deposits (savings and time) to \$1,004 million. The increase in M1 resulted from growth in both demand deposits and currency in circulation. The decline in other deposits came from a fall in time deposits outweighing an increase in the saving deposits.

Net foreign assets (NFA) of the banking system expanded by 2% in November 2022 to \$4,729 million, following a 2% decline in the previous month. The outcome was driven by a 2% increase in Central Bank's NFA to \$4,700 million. However, the NFA of other depository corporations fell from \$42 million to \$29 million. NFA of the banking system decreased by 7%¹ annually.

Private sector credit (PSC) further narrowed by 0.2% to \$2,570 million following a 0.2% fall in October, Whilst, net credit to the government (NCG) contracted by 17% to minus \$715 million driven by the withdrawal of government deposits during the month. On an annual basis, PSC expanded by 1% while NCG dropped by 31%.

The total liquidity of the banking system grew by 7% to \$2,745 million in November 2022. This was driven by the growth in NFA and the decline in NGC at the end of the month. Subsequently, free and excess liquidity increased by 7% to \$2,386 million and \$2,195 million, respectively. Furthermore, required reserves expanded by 6% to \$359 million at the end of November 2022.

Domestic Market Operations

The CBSI Bokolo bills' stock held at the end of November 2022 declined to \$306 million from \$338 million in October. The weighted average yield (WAY) for Bokolo bills increased to 0.18%. Meanwhile, Treasury bills tendered was \$14 million while \$12 million was accepted. The T-bills' WAY for 91 and 182 remained unchanged from the previous month at 0.49%, and 0.97%. The WAY of 365 days, however, increased to 1.85% from 1.81%.

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

II. EXTERNAL CONDITIONS

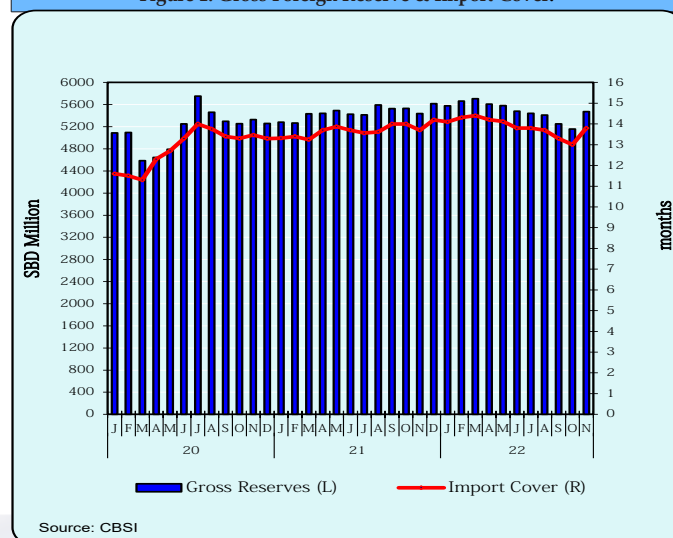
Trade in goods

The balance on trade in goods for the month of November narrowed to a \$112 million deficit from a \$222 million deficit in the previous month. This outcome emanated from a 76% surge in exports to \$320 million although imports remained high rising by 7% to \$432 million during the month. The increase in exports was largely driven by round logs, agricultural commodities, and mineral exports. Meanwhile, the growth in imports was attributed to upturns in fuel and machinery equipment.

Gross foreign reserves

Gross foreign reserves for November increased by 2% to \$5,282 million, and was largely supported by lower transaction outflows and exchange rate revaluation gains during the month. This level of foreign reserves is sufficient to cover 13.3 months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



Exchange rates

The Solomon Islands dollar (SBD) for the month of November depreciated against the United States dollar by 0.5% to an average of \$8.23 per USD. Similarly, it weakened against the Australian dollar and New Zealand dollar by 4% to \$5.42 per AUD and by 6.5% to \$4.98 per NZD, respectively. Likewise, the SBD depreciated against the British pound, Japanese Yen and Euro. The trade-weighted index, however,

appreciated by 1.9% to 115.2 reflecting the sizeable depreciation of the SBD against the AUD and NZD during the month.

II: GOVERNMENT FINANCE

The government posted a provisional surplus of \$15 million in November 2022, with a revenue of \$289 million and an expenditure of \$275 million. Meanwhile, the government’s debt stock rose by 1% to \$1,860 million, due to exchange rate movements. Accordingly, external debt grew by 2% to \$1,096 million whilst domestic debt fell by 0.8% to \$763 million. Debt servicing in November 2022, amounted to \$24 million, of which \$21 million was on principal repayments and \$3 million on interest charges.

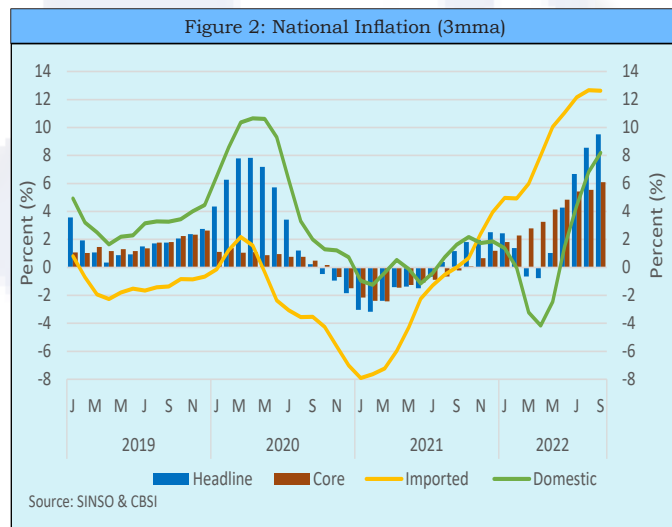
IV: DOMESTIC ECONOMY

The production index for November 2022 grew by 16% to a preliminary 74 points from a revised 64 points in October. The outcome was driven largely by a 41% upturn in round logs to 170 thousand cubic meters. Crude palm oil and copra, likewise, rose by 2% each to 2,426 tons and 1,411 tons, respectively. Conversely, fish catch fell by 19% to an estimated 2,354 tons, and cocoa went down by 19% to 190 tons.

The global prices for the country’s major export commodities trended upward during the month except for fish which declined by 8% to US\$1,596 per ton. Coconut oil and crude palm oil rose by 6% each to US\$1,173 per ton and US\$946 per ton, respectively. Similarly, round logs and cocoa, both rebounded by 4% to US\$209 per cubic meter and US\$2,410 per ton, respectively.

Consumer Price Index, Inflation (YoY - 3mma)

The latest monthly CPI is still September 2022 reported in the October 2022 Monthly Economic Bulletin. The headline inflation was at 9.5% and core inflation was at 6.1%.



CBSI Monthly Price Index (MPI)

The CBSI MPI for the selected consumer items in November 2022 went down further from an index of 116 to 112 points, driven by a fall in prices of most consumer items except for solrice family (40lb) price which remained unchanged at \$137.20 per bag during the month. The domestic user electricity tariff was reduced further by 80 cents to \$7.30 per KWh, fuel by 10 cents to \$11.85 per litre, LP gas by 12 cents to \$25.48 per KG, and betel-nut price edged lower by 21 cents to an average of \$1.17 per nut.

Solomon Islands Key Economic Indicators

		Jun 22	Jul 22	Aug 22	Sep 22	Oct 22	Nov 22
Consumer price index (% change)	Headline (3mma)	4.3	6.7	8.5	9.5	n.a	n.a
	Underlying (3mma): core 3	4.8	5.4	5.6	6.1	n.a	n.a
	Headline (MoM)	0.2	1.1	1.5	0.7	n.a	n.a
CBSI MPI (weighted Index)	Month- on - Month	116	119	119	118	116	112
Trade¹ (eop)	Exports (\$ millions)	259	272	239	192	182	320
	Imports (\$ millions)	299	462	325	420	403	432
Exchange Rates (Mid-rate, Monthly average)	SBD per USD	8.15	8.23	8.24	8.20	8.19	8.23
	SBD per AUD	5.72	5.65	5.74	5.49	5.21	5.42
	SBD per NZD	5.17	5.10	5.17	4.88	4.65	4.98
	SBD per GBP	10.04	9.88	9.90	9.31	9.25	9.65
	SBD per 100 JPY	6.08	6.02	6.11	5.74	5.57	5.78
	SBD per EUR	8.60	8.39	8.35	8.13	8.05	8.38
	TWI	111.8	113.0	112.3	114.68	117.36	115.16
Gross Foreign Reserves (eop)	\$ milions	5,479	5,443	5,410	5,250	5,157	5,282
Liquidity² (eop)	Total Liquidity (\$ millions)	2,621	2,536	2,538	2,511	2,576	2,745
	Excess Liquidity (\$ millions)	2,196	2,112	2,106	2,087	2,053	2,195
Money and credit² (eop)	Narrow Money (\$ millions)	4,426	4,486	4,490	4,469	4,467	4,585
	Broad Money (\$ millions)	5,425	5,500	5,518	5,521	5,475	5,589
	Private Sector credit (\$ millions)	2,543	2,540	2,584	2,580	2,575	2,570
Interest Rates (weighted average yield)	28-days Bokolo Bills rate	0.10%	0.10%	0.10%	0.10%	0.10%	0.18%
	91- days Treasury Bills rate	0.49%	0.49%	0.49%	0.49%	0.49%	0.49%
	182-days Treasury Bills rate	0.97%	0.97%	0.97%	0.97%	0.97%	0.97%
	365-days Treasury Bills rate	1.85%	1.82%	1.81%	1.81%	1.81%	1.85%
Government Finance³	Revenue (\$ millions)	308	463	240	302	283	289
	Expenditure (\$ millions)	284	309	304	413	288	275
	Fiscal Balance (\$ millions)	24	154	-64	-111	-5	15
	SIG Debt stock (eop) (\$ millions)	1,824	1,817	1,827	1,882	1,840	1,860
Global Commodity Prices (monthly averages)	Round logs - (US\$/m3)	222	218	220	208	202	209
	Gold - (US\$/oz)	1,837	1,733	1,765	1,681	1,664	1,725
	Palm Oil - (US\$/tonne)	1,501	1,057	1,026	909	889	946
	Fish - (US\$/tonne)	1,523	1,501	1,542	1,516	1,734	1,596
	Coconut oil - (US\$/tonne)	1,701	1,541	1,385	1,248	1,108	1,173
	Cocoa - (US\$/tonne)	2,320	2,240	2,310	2,300	2,310	2,410

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.