



CENTRAL BANK of SOLOMON ISLANDS

P.O. BOX 634, Honiara, Solomon Islands

Press Release: 02/2023

Thursday 23rd March 2022

Press release: Monetary Policy Stance for March 2023

Following its meeting on 23rd March 2023, the Central Bank of Solomon Islands Board has taken the decision to tighten its monetary policy stance for the next six months, in response to the current economic recovery and elevated inflationary pressures in the economy.

Specifically, the Board decided to raise the cash reserves ratio from 5% to 6%. In doing so, it aims to prevent the risks of high inflation persisting and becoming entrenched in the broader economy.

Domestic economic activity picked up in the second half of 2022, buoyed by the re-opening of the borders, lifting of COVID-19 restrictions and construction of key infrastructures related to the Pacific Games (PGs). This led to a rebound in most sectors in the economy while few recorded muted activities.

Inflation more than doubled from 4.3% in June 2022 to 9.1% in December 2022 reflecting higher imported prices and pass-through effects, which increased core inflation significantly from 4.1% to 5.9% by end December 2022.

In light of this current environment, the economy is expected to recover moderately to 2.7% in 2023, driven by positive spillovers from the PGs and positive outlooks for the mining, fisheries and agriculture sectors.

The Bank expects inflation to ease but remain high at 5.4% in June 2023, before gradually declining to 3% at the end of the year. However, risks are skewed to the downside for both these outlooks, with scope for higher inflation and lower growth.

CBSI will be vigilant to incoming macroeconomic data and act as necessary if the situation arises.

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For more information, please contact:

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