

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) expanded in April 2023 by 2% to \$5,853 million. This came from an increase in narrow money (M1) and other deposits (time and savings). Narrow money (M1) grew by 2% to \$4,876 million from higher demand deposits and currency in circulation. Other deposits grew by 0.4% to \$976 million reflecting increases in savings and time deposits.

Net foreign assets (NFA) of the banking system narrowed in April 2023 by 0.4% to \$4,813 million. This was driven by a 1% fall in the Central Bank's NFA to \$4,750 million outweighing a growth in NFA of other depository corporations from \$40 million to \$64 million. Annually¹, NFA of the banking system dipped by 0.7%.

Private sector credit (PSC) declined in April 2023 by 0.5% to \$2,614 million following a minimal growth of 0.1% in March. Meanwhile, net credit to the government (NCG) dropped by 4% to minus \$684 million as government deposits decline in the banking system during the month. PSC and NCG declined by 0.5% and 3%, respectively, on an annual basis.

The total liquidity of the banking system expanded by 1% to \$2,416 million in April 2023 contributed by the decline in NCG during the month. Subsequently, excess liquidity increased by 1% to \$2,220 million.

Domestic Market Operations

CBSI Bokolo bills' stock recorded at \$420 million in April 2023 from \$415 million in the previous month. The weighted average yield (WAY) for Bokolo bills remained at 0.24% during the month. Meanwhile, the treasury bill tendered during the month was \$22 million while \$17 million was accepted. The T-bills' WAY for all maturity categories increased during the month.

II. EXTERNAL CONDITIONS

Trade in goods

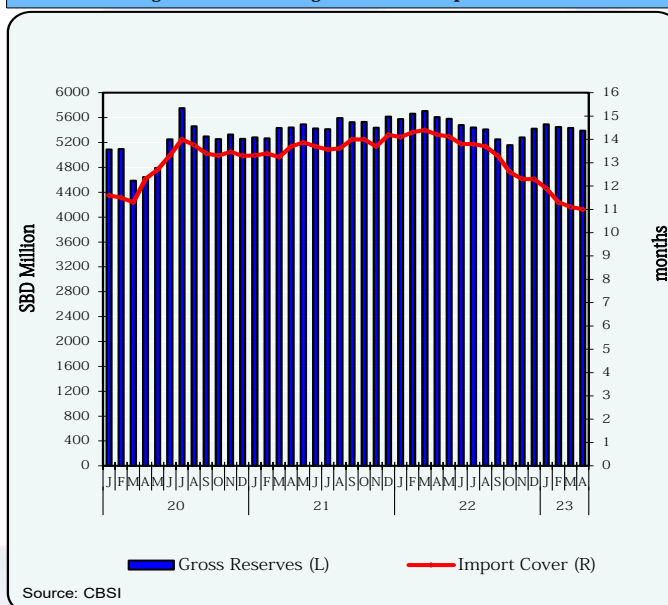
The balance on trade in goods improved markedly in April to a \$127 million surplus, reversing the deficit

witnessed in the previous three months. This positive outcome stemmed from a sizable reduction in imports from \$417 million to \$216 million and a slight increase in exports by 1% to \$343 million during the month. The drastic fall in imports was attributed to the decline across all import categories with a larger reduction recorded for fuel and machinery imports. Meanwhile, the slight pickup in exports was mainly driven by minerals which outweighed the declines in round logs and agricultural exports. Fish exports remained the same as in the previous month.

Gross Foreign Reserves

The gross foreign reserves declined marginally by 1% to \$5,391 million due to higher outflows combined with revaluation losses during the month. This level of reserves is sufficient to cover eleven² months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



Exchange rate

In April 2023, the Solomon Islands dollar (SBD) depreciated against the United States dollar (USD)

¹ The percentage change on annual basis refers to growth comparison against end of 2022

² The level of import cover has been revised downwards as of October 2022 following the upward adjustment to the import baseline to reflect the higher level of imports of goods and services through the banking system by 4% on average over the previous six months.

by 0.2% to an average of \$8.33 per USD. The SBD also depreciated against the Australian (AUD) and New Zealand dollar (NZD) by 0.4% to \$5.58 per AUD, and by 0.2% to \$5.17 per NZD, respectively. Furthermore, the SBD also weakened against the British pound, the Japanese Yen, and the Euro. Consequently, the trade-weighted index (TWI) appreciated by 0.2% to 113.8 reflecting the weakening of the SBD against the currency basket during the period.

II: GOVERNMENT FINANCE

The government posted a provisional deficit of \$59 million in April 2023, stemming from a fall in revenue collection by 24% to \$204 million and a lower expenditure of \$263 million from \$308 million in March. Meanwhile, the central government's debt stock edged up by 1% to \$2,176 million, due to an additional disbursement from the World Bank and auction treasury bills issued during the month. Consequently, both the external and domestic debt stock grew by 0.8% to \$1,326 million and \$850 million, respectively. Debt servicing amounted to \$14 million in April, consisting of \$13 million in principal repayments and \$1 million on interest charges.

IV: DOMESTIC ECONOMY

The monthly production index dropped by 8 points in April to a preliminary index of 124. The outcome was driven by lower output in agriculture cash crops (10 points) and logging (10 points) outweighing the upturn in mining (9 points) and fishing (3 points). Actual production recorded fish catch increased by 39% to 2,276 tons, minerals by 44% to 9,374 equivalent units of gold ounces, and round logs, on the other hand, declined by 17% to 145 thousand cubic meters.

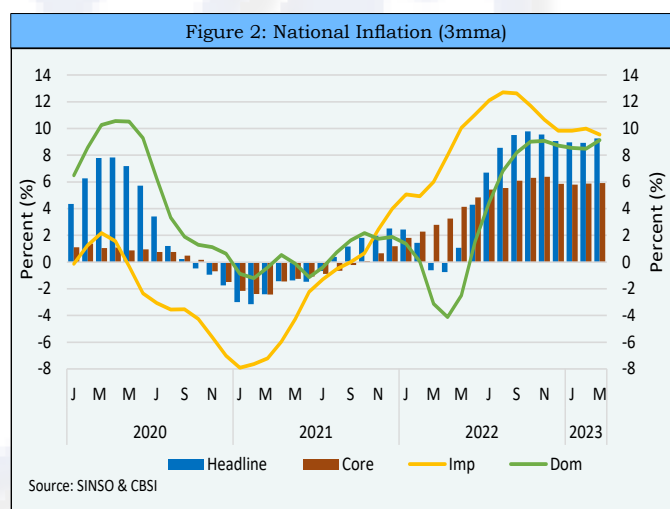
The commodity price index went up by 3 points in April to an index of 85. The upward trend mirrored the increase in global prices of gold by 5% to US\$2,000 per ounce, crude palm oil by 3% to US\$1,005 per ton, cocoa by 5% to US\$2,880 per ton, timber by 3% to US\$678 per cubic meter, and fish by 9% to US\$2,074 per ton. In contrast, coconut oil fell by 4% to US\$1,074 per ton,

while round logs remained around the same at US\$223 per cubic meter.

Consumer Price Index, Inflation (YoY - 3mma)

The CPI in March 2023 edged up to an index of 119.8 from 119.2 points in February. The month-on-month upward movement reflected the rising prices of fruits, vegetables, gas, and clothing.

Headline inflation surged to 9.2% in March from 8.9% in February 2023. This was driven by rise in domestic inflation by 0.6 percentage points to 9.1% whilst imported inflation declined by 0.5 percentage points to 9.5%. Meanwhile, core inflation stayed the same at 5.9% compared to the previous month.



CBSI Monthly Price Index (MPI)

The CBSI MPI for the selected consumer items stayed broadly the same as in the previous month, sitting at 110 points. The monthly upward movement in the prices of LP gas by \$3.28 to \$30.07 per KG, solrice family (40lb) by \$1.20 to \$141.60 per bag, and the electricity tariff for domestic users by 6 cents to \$7.59 per KWh were offsetted against the downward movement in the prices of fuel by 50 cents to \$11.33 per litre while the prices of betel-nut remained unchanged at an average of \$0.61 per nut.

Solomon Islands Key Economic Indicators

| | | Nov 22 | Dec 22 | Jan 23 | Feb 23 | Mar 23 | Apr 23 |
|---|-------------------------------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Consumer price index (%) | Headline (3mma) | 9.6 | 9.1 | 9.0 | 8.9 | 9.2 | n.a |
| | Underlying (3mma): core 3 | 6.4 | 5.9 | 5.8 | 5.9 | 5.9 | n.a |
| | Headline (MoM) | -0.5 | -0.2 | 1.7 | 0.3 | 0.5 | n.a |
| CBSI MPI (weighted Index) | Month- on - Month | 112 | 110 | 115 | 114 | 110 | 110 |
| Production Index | Index | 154 | 97 | 120 | 103 | 133 | 124 |
| Trade ¹ (eop) | Exports (\$ millions) | 313 | 191 | 317 | 189 | 340 | 343 |
| | Imports (\$ millions) | 432 | 500 | 501 | 263 | 417 | 216 |
| | Trade Balance (\$ millions) | -119 | -309 | -184 | -74 | -77 | 127 |
| Exchange Rates (Mid-rate, Monthly average) | SBD per USD | 8.23 | 8.25 | 8.26 | 8.26 | 8.32 | 8.33 |
| | SBD per AUD | 5.42 | 5.56 | 5.75 | 5.71 | 5.55 | 5.58 |
| | SBD per NZD | 4.98 | 5.24 | 5.30 | 5.20 | 5.16 | 5.17 |
| | SBD per GBP | 9.65 | 10.04 | 10.12 | 10.00 | 10.09 | 10.36 |
| | SBD per 100 JPY | 5.78 | 6.10 | 6.35 | 6.25 | 6.22 | 6.24 |
| | SBD per EUR | 8.38 | 8.72 | 892 | 8.86 | 8.90 | 9.13 |
| | TWI | 115.16 | 113.48 | 112.0 | 112.46 | 114.02 | 113.83 |
| Gross Foreign Reserves(eop) | \$ milions | 5,282 | 5,423 | 5,491 | 5,450 | 5,456 | 5,391 |
| Liquidity ² (eop) | Total Liquidity (\$ millions) | 2,386 | 2,304 | 2,325 | 2,454 | 2,382 | 2,416 |
| | Excess Liquidity (\$ millions) | 2,195 | 2,115 | 2,130 | 2,265 | 2,190 | 2,220 |
| Money and credit ² (eop) | Narrow Money, M1 (\$ millions) | 4,585 | 4,643 | 4,730 | 4,728 | 4,780 | 4,876 |
| | Broad Money, M3 (\$ millions) | 5,589 | 5,638 | 5,724 | 5,711 | 5,752 | 5,853 |
| | Private Sector credit (\$ millions) | 2,610 | 2,629 | 2,608 | 2,626 | 2,628 | 2,614 |
| Interest Rates (weighted average yield) | 28-days Bokolo Bills rate (%) | 0.18 | 0.24 | 0.25 | 0.23 | 0.24 | 0.24 |
| | 91- days Treasury Bills rate (%) | 0.49 | 0.49 | 0.49 | 0.49 | 0.49 | 0.50 |
| | 182-days Treasury Bills rate (%) | 0.97 | 0.97 | 1.05 | 1.21 | 1.26 | 1.39 |
| | 365-days Treasury Bills rate (%) | 1.85 | 1.84 | 1.94 | 1.99 | 2.01 | 2.02 |
| Government Finance | Revenue (\$ millions) | 262 | 415 | 254 | 236 | 270 | 204 |
| | Expenditure (\$ millions) | 441 | 430 | 198 | 285 | 308 | 263 |
| | Fiscal Balance (\$ millions) | -179 | -15 | 56 | -48 | -38 | -59 |
| | SIG Debt stock (eop) (\$ millions) | 1,897 | 2,042 | 2,118 | 2,090 | 2,158 | 2,176 |
| Global Commodity Prices (monthly averages) | CBSI Commodity Price Index | 75 | 79 | 82 | 82 | 82 | 85 |
| | Round logs - (US\$/m3) | 209 | 221 | 228 | 224 | 223 | 223 |
| | Gold - (US\$/oz) | 1,725 | 1,798 | 1,898 | 1,855 | 1,913 | 2,000 |
| | Palm Oil - (US\$/tonne) | 946 | 940 | 942 | 950 | 972 | 1,005 |
| | Fish - (US\$/tonne) | 1,596 | 1,756 | 1,877 | 2,043 | 1,901 | 2,074 |
| | Coconut oil - (US\$/tonne) | 1,173 | 1,158 | 1,079 | 1,087 | 1,115 | 1,074 |
| | Cocoa - (US\$/tonne) | 2,410 | 2,510 | 2,620 | 2,650 | 2,750 | 2,880 |
| | Timber - (US\$/m3) | 640 | 664 | 666 | 659 | 661 | 678 |

¹ Value in terms of free on Board (FOB)

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

Note;
na : not available at time of publication.