

Monthly Economic Bulletin

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I. MONETARY DEVELOPMENTS

Money supply (M3) increased by 3% to \$5,978 million in November after a 5% increase in the previous month. The growth in M3 was driven by a 3% increase in narrow money (M1) to \$5,012 million, supported by a 1% upturn in other deposits (time and savings) to \$966 million in the month. The expansion in M1 was due to the increases in currency in circulation and demand deposits in the banking system, whilst the rise in other deposits reflected growth in both time and saving deposits.

Net foreign assets (NFA) of the banking system grew by 1% to \$4,925 million. This was driven by a 1% increase in the Central Bank's NFA to \$4,894 million. In contrast, the NFA of other depository corporations (ODCs) contracted from \$42 million in the previous month to \$31 million in November. Over the year¹, the total NFA of the banking system grew by 2%.

Credit to private sector (PSC) strengthened by 2% in November 2023 to \$2,727 million, compared to a 0.3% recorded in the previous month. On the other hand, net credit to the government (NCG) plunged by 16% to minus \$683 million, reflecting huge withdrawals from government accounts in the banking system during the month. PSC increased over the year to November by 4% while NCG declined by 3% in the same period.

The total liquidity of the banking system grew in November 2023 by 4% to \$2,458 million, following a 7% downturn in the previous month. This was driven by the fall in NCG and growth in NFA during the month. In addition, excess liquidity expanded by 4% to \$2,203 million.

Domestic Market Operations

CBSI's stock of Bokolo Bills declined in November 2023 to \$369 million from \$388 million in October. Bokolo bill's weighted average yield (WAY) remained at 0.24%. Meanwhile, the treasury bills tendered during the month was \$4 million and this was fully accepted. The T-bills' WAY for 91 days remained at 0.50%, whilst the WAY for 182 days increased from 1.95% to 2.22% ; however, the WAY for 365 days narrowed from 2.17% to 1.84% during the month.

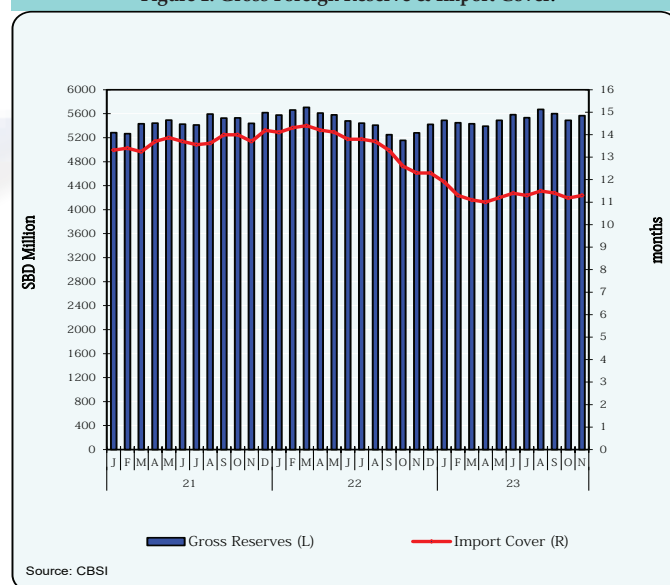
¹ The percentage change on yearly basis refers to growth comparison against end of 2022

II. EXTERNAL CONDITIONS

Trade in goods

The balance on trade in goods deficit worsened to \$422 million in November, following a \$385 million deficit in the previous month. This negative outcome was largely driven by a 7% decline in exports to \$174 million coupled with a 4% increase in imports to \$596 million. The fall in exports stemmed from declines in round logs and mineral exports outweighing upturns in fish and agriculture exports during the month. Meanwhile, the rise in imports was associated with increases in all import categories except for food imports.

Figure 1: Gross Foreign Reserve & Import Cover.



Gross foreign reserves grew by 1% to \$5,566 million in November 2023 mainly from revaluations gains following the depreciation of the Solomon Islands dollar against the US dollar. This level of reserves is sufficient to cover 11.3 months of imports of goods and services.

Exchange rate

In terms of the exchange rate, the Solomon Islands dollar (SBD) depreciated against the United States dollar by 0.1% to an average of \$8.48 per USD. It also depreciated against both the Australian dollar and New Zealand dollar, by 2.1% to \$5.50 per AUD and by 1.4% to \$5.08 per NZD, respectively. Similarly, it weakened against the British pound and the

Euro but strengthened against the Japanese Yen. As a result of the movement of the SBD within the basket of currencies, the trade-weighted index (TWI) strengthened by 0.9% to 115.9 during the month.

II: GOVERNMENT FINANCE

The Government recorded a provisional fiscal surplus of \$17 million in November after seven months of fiscal deficit since April 2023. This favourable outcome was attributed to a 21% upturn in total revenue collected to \$290 million while the total expenditure declined by 4% during the period to \$273 million. Despite the surplus, the Central Government debt outstanding continued to increase this period by 2% to \$2,669 million, largely owing to external disbursement. Domestic debt stock, on the other hand, fell by 2% to \$1,061 million, attributable to the amortisation of the auction treasury bills.

IV: DOMESTIC ECONOMY

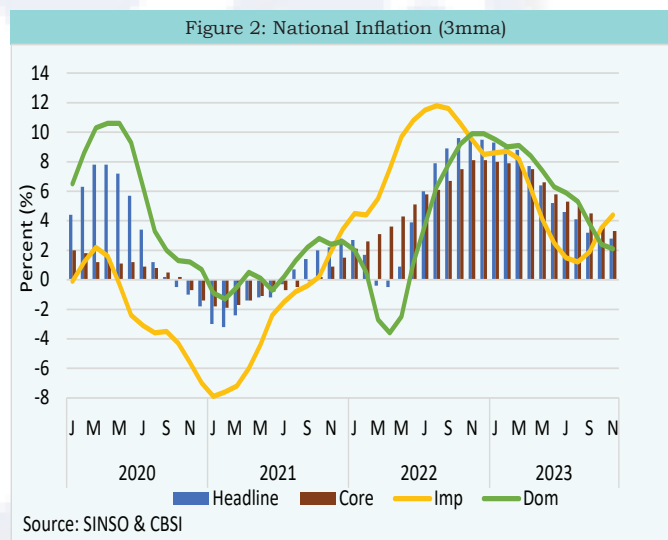
The monthly production index went down by 13 points in November to a preliminary index of 84. The negative outcome reflected the downturn in logging (9 points) and mining (10 points) whilst agriculture cash crops rose by 6 points, and no major changes in fishing. Actual production showed round logs fell by 27% to 70 thousand cubic meters and minerals by 73% to 958 equivalent units of gold ounces.

The commodity price index went up by 2 points in November to an index of 80. This was driven by the increase in global prices for cocoa by 11% to US\$4,030 per ton, coconut oil by 7% to US\$1,115 per ton, gold by 4% to US\$1,984 per ounce, crude palm oil by 3% to US\$830 per ton and timber by 2% to US\$677 per cubic meter. In contrast, round logs fell marginally by 0.2% to US\$199 per cubic meter, whilst fish price remained unchanged at US\$1,945 per ton.

Consumer Price Index, Inflation (YoY - 3mma)

The CPI in November 2023 fell to an index of 122.8 from 123.0 points in October 2023. This reflected that the price fall in fruits and betel-nut outweighed the price rise in vegetables, and electricity, gas and other fuels.

Headline inflation in November rose to 2.8% from 2.7% in October. The upward trend was driven by increase in imported inflation by 0.9 percentage points to 4.4% while domestic inflation, on the other hand, eased by 0.3 percentage points to 2.1%. Meanwhile, core inflation dropped by 0.4 percentage points to 3.3% in November.



CBSI Monthly Price Index (MPI)

The CBSI MPI for selected consumer items went up to 127 points from 124 points in October. This outcome was driven by increase in prices of betel-nut by 67 cents to an average of \$2.58 per nut, LP gas by 4 cents to \$28.30 per KG, and the electricity tariff for domestic customers by 39 cents to \$8.00 per KWh. Fuel price, on the other hand, declined by 53 cents to \$11.96 per litre and the prices of Solrice family (40lb) dropped by 60 cents to \$150.20 per bag.

Solomon Islands Key Economic Indicators

		Jun 23	Jul 23	Aug 23	Sep 23	Oct 23	Nov 23
Consumer price index (%)	Headline (3mma)	5.2	4.6	4.1	3.23	2.7	2.8
	Underlying (3mma): core 3	5.8	5.3	5	4.5	3.7	3.3
	Headline (MoM)	0.3	1.0	-0.1	0.0	1.7	-0.2
CBSI MPI (weighted Index)	Month- on - Month	105	106	107	122	124	127
Production Index	Index	126	101	121	136	96	84
Trade ¹ (eop)	Exports (\$ millions)	389	193	283	310	187	174
	Imports (\$ millions)	395	336	442	283	572	596
	Trade Balance (\$ millions)	-6	-143	-159	27	-385	-422
Exchange Rates (Mid-rate, Monthly average)	SBD per USD	8.35	8.36	8.40	8.45	8.48	8.48
	SBD per AUD	5.59	5.64	5.45	5.43	5.39	5.50
	SBD per NZD	5.11	5.21	5.04	5.01	5.00	5.08
	SBD per GBP	10.53	10.77	10.67	10.50	10.32	10.52
	SBD per 100 JPY	5.91	5.93	5.80	5.73	5.67	5.66
	SBD per EUR	9.04	9.25	9.16	9.04	8.95	9.16
	TWI	114	114	116	116	117	159
Gross Foreign Reserves(eop)	\$ millions	5,584	5,535	5,671	5,602	5,491	5,566
Liquidity ² (eop)	Total Liquidity (\$ millions)	2,437	2,500	2,627	2,558	2,371	2,458
	Excess Liquidity (\$ millions)	2,242	2,307	2,424	2,242	2,062	2,203
Money and credit ² (eop)	Narrow Money, M1 (\$ millions)	4,931	4,971	5,110	4,541	4,855	5,012
	Broad Money, M3 (\$ millions)	5,896	5,946	6,104	5,522	5,807	5,978
	Private Sector credit (\$ millions)	2,661	2,638	2,647	2,655	2,664	2,727
Interest Rates (weighted average yield)	28-days Bokolo Bills rate (%)	0.24	0.24	0.24	0.24	0.24	0.24
	91- days Treasury Bills rate (%)	0.50	0.50	0.50	0.50	0.50	0.50
	182-days Treasury Bills rate (%)	1.77	1.83	1.82	1.80	1.95	2.22
	365-days Treasury Bills rate (%)	2.10	2.11	2.10	2.09	2.17	1.84
Government Finance	Revenue (\$ millions)	292	253	306	296	240	290
	Expenditure (\$ millions)	315	369	427	494	283	273
	Fiscal Balance (\$ millions)	-23	-116	-121	-199	-43	17
	SIG Debt stock (eop) (\$ millions)	2,316	2,339	2,340	2,478	2,620	2,669
Global Commodity Prices (monthly averages)	CBSI Commodity Price Index	80	81	80	79	79	80
	Round logs - (US\$/m3)	211	211	206	202	199	199
	Gold - (US\$/oz)	1,943	1,951	1,919	1,916	1916	1,984
	Palm Oil - (US\$/tonne)	817	879	861	830	804	830
	Fish - (US\$/tonne)	1,916	1,926	1,950	1,888	1,945	1,945
	Coconut oil - (US\$/tonne)	1,013	1,047	1,099	1,072	1,046	1,115
	Cocoa - (US\$/tonne)	3,170	3,390	3,460	3,610	3,630	4,030
	Timber - (US\$/m3)	688	702	692	676	663	677

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.