

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) grew by 3% to \$6,146 million in December 2023 following a 3% increase in the previous month. The expansion in M3 was driven by a 4% increase in narrow money (M1) to \$5,203 million despite a 2% decline in other deposits (time and savings) to \$943 million. The expansion in M1 came from the increase in currency in circulation and demand deposits associated with the higher spending during the festive season. Meanwhile, the fall in other deposits reflected drawdowns of time deposits from the banking system.

Net foreign assets (NFA) of the banking system grew by 5% to \$5,171 million. This was particularly driven by a 5% increase in the Central Bank's NFA to \$5,124 million. In addition, the NFA of other depository corporations (ODCs) grew from \$31 million in November to \$47 million in December. Annually¹, the total NFA of the banking system grew by 7%.

Credit to the private sector (PSC) grew by 1% in December 2023 to \$2,764 million, after a 2% increase in the previous month. Meanwhile, net credit to the government (NCG) saw a 3% growth to minus \$702 million, reflecting an accumulation of government deposits in the banking system during the month. On an annual basis, PSC increased by 5% while NCG declined by 1%.

Total liquidity of the banking system in December 2023 went up by 6% to \$2,599 million, continuing from a 4% upturn recorded in the previous month. The increase was due to the growth in the NFA. Likewise, excess liquidity expanded by 4% to \$2,290 million during the month.

Domestic Market Operations

CBSI's stock of Bokolo Bills grew in December 2023 to \$414 million from \$369 million in November. Bokolo Bill's weighted average yield (WAY) remained fixed at 0.24%. Meanwhile, the treasury bills tendered during the month amounted to \$3.5 million and were fully accepted. The T-bills' WAY for 91 days remained unchanged at 0.50%; however, the WAY for 182 days increased from 2.22% to 2.39% and the WAY for 365

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

days increased from 1.84% to 2.60% during the month.

II. EXTERNAL CONDITIONS

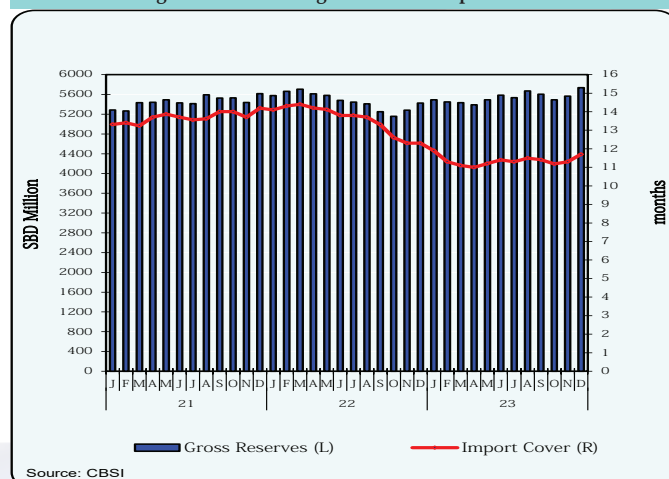
Trade in goods

The trade in goods balance in December 2023, improved to a provisional \$34 million surplus from \$380 million deficit in the previous month. This favourable outcome was largely driven by a 57% jump in exports to \$339 million, against a 49% drop in imports to \$305 million during the month. Contributing to the rise in exports were round logs, fish and mineral exports. Meanwhile, the fall imports were attributed to the decline on all import categories in the reviewed period.

Gross foreign reserves

Gross foreign reserves rose by 3% to \$5,738 million in December, resulting from higher donor inflows combined with revaluation gains in the period. This level of reserves is sufficient to cover 11.7 months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



Exchange rates

In December the Solomon Islands dollar minimally appreciated against the United States dollar by 0.02% to an average of \$8.48 per USD. On the other hand, it depreciated against both the Australian and New Zealand dollar, by 2.8% to \$5.66 per AUD and by 3.5% to \$5.26 per NZD respectively. Similarly, the SBD weakened against the other tradable currencies,

namely the British pound, Euro and the Japanese Yen. As a result of the movements of these bilateral currencies in the currency basket, the trade weighted index (TWI) strengthened by 1.4% to 114.27 during the month.

II: GOVERNMENT FINANCE

The government recorded a provisional deficit of \$31 million in December 2023, stemming from total expenditure of \$321 million exceeding revenue collection of \$289 million during the month. Meanwhile, the central government’s debt stock grew further by 5% to \$2,811 million, mainly due to additional issuance of development bonds in the domestic market, a temporary advance facility, and further incurrence of external loans. Consequently, external debt increased slightly by 1% to \$1,619 million and domestic debt expanded by 12% to \$1,192 million. Debt servicing in December totaled \$39 million, consisting of \$35 million in principal repayments and \$4 million on interest charges.

IV: DOMESTIC ECONOMY

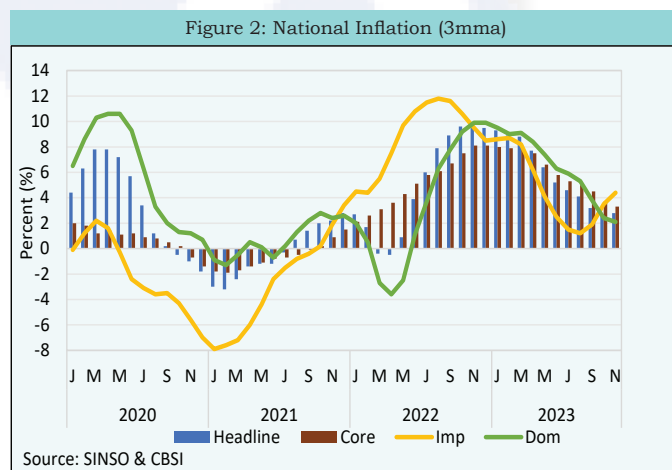
The monthly production index grew by 29 points in December 2023 to a provisional index of 122. The positive performance mirrored the upturn in logging (36 points) outweighing the downturn in agriculture cash crops (5 points), mining (2 points), and fishing remained relatively unchanged. Actual production showed round logs increased more than doubled to 175 thousand cubic meters whilst minerals declined by 22% to 2,975 equivalent units of gold ounces and crude palm oil by 15% to 1,957 tons.

The commodity price index inched up by 0.2 points in December to an index of 80. This was driven by the upward movement in the global prices of cocoa by 4%

to US\$4,210 per ton, gold by 2% to US\$2,026 per ounce, round logs by 4% to US\$207 per cubic meter, and timber by 2% to US\$690 per cubic meter. On the other hand, crude palm oil fell by 2% to US\$814 per ton and coconut oil by 1% to US\$1,109 per ton, respectively.

Consumer Price Index, Inflation (YoY - 3mma)

The latest monthly CPI available is still for November 2023 and had been reported in the November 2023 Monthly Economic Bulletin. The headline inflation stood at 2.8% and core inflation was at 3.3%.



CBSI Monthly Price Index (MPI)

The CBSI MPI for the selected consumer items rose from 128 points to 130 points in December. This outcome reflected the increase in the prices of Solrice family (40lb) by \$2.00 to \$152.20 per bag, betel-nut by 42 cents to an average of \$3.00 per nut, electricity tariff for domestic customers by 32 cents to \$8.32 per kWh and LP gas remained the same at \$28.30 per KG. Fuel price, however, decreased by 59 cents to \$11.38 per litre.

Solomon Islands Key Economic Indicators

		Jul 23	Aug 23	Sep 23	Oct 23	Nov 23	Dec 23
Consumer price index (%)	Headline (3mma)	4.6	4.1	3.23	2.7	2.8	n.a
	Underlying (3mma): core 3	5.3	5	4.5	3.7	3.3	n.a
	Headline (MoM)	1.0	-0.1	0.0	1.7	-0.2	n.a
CBSI MPI (weighted Index)	Month- on - Month	106	107	122	124	127	130
Production Index	Index	103	121	139	100	94	122
Trade¹ (eop)	Exports (\$ millions)	292	292	381	277	216	339
	Imports (\$ millions)	336	442	283	572	596	305
	Trade Balance (\$ millions)	-111	-204	-194	-295	-380	34
Exchange Rates (Mid-rate, Monthly average)	SBD per USD	8.36	8.40	8.45	8.48	8.48	8.48
	SBD per AUD	5.64	5.45	5.43	5.39	5.50	5.66
	SBD per NZD	5.21	5.04	5.01	5.00	5.08	5.26
	SBD per GBP	10.77	10.67	10.50	10.32	10.52	10.73
	SBD per 100 JPY	5.93	5.80	5.73	5.67	5.66	5.88
	SBD per EUR	9.25	9.16	9.04	8.95	9.16	9.24
	TWI	114	116	116	117	116	114
Gross Foreign Reserves (eop)	\$ milions	5,535	5,671	5,602	5,491	5,566	5,738
Liquidity² (eop)	Total Liquidity (\$ millions)	2,500	2,627	2,558	2,371	2,458	2,599
	Excess Liquidity (\$ millions)	2,307	2,424	2,242	2,062	2,203	2,290
Money and credit² (eop)	Narrow Money, M1 (\$ millions)	4,971	5,110	4,541	4,855	5,012	5,203
	Broad Money, M3 (\$ millions)	5,946	6,104	5,522	5,807	5,978	6,146
	Private Sector credit (\$ millions)	2,638	2,647	2,655	2,664	2,727	2,764
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 (%)	1.83	1.82	1.80	1.95	2.22	2.39
	365-days Treasury Bills rate (%)	2.11	2.10	2.09	2.17	1.84	2.60
Government Finance	Revenue (\$ millions)	253	306	296	240	290	289
	Expenditure (\$ millions)	369	427	494	283	273	321
	Fiscal Balance (\$ millions)	-116	-121	-199	-43	17	-31
	SIG Debt stock (eop) (\$ millions)	2,339	2,340	2,478	2,620	2,669	2,811
Global Commodity Prices (monthly averages)	CBSI Commodity Price Index	81	80	79	79	80	80
	Round logs - (US\$/m3)	211	206	202	199	199	207
	Gold - (US\$/oz)	1,951	1,919	1,916	1916	1,984	2,026
	Palm Oil - (US\$/tonne)	879	861	830	804	830	814
	Fish - (US\$/tonne)	1,926	1,950	1,888	1,909	1,848	1,580
	Coconut oil - (US\$/tonne)	1,047	1,099	1,072	1,046	1,115	1,109
	Cocoa - (US\$/tonne)	3,390	3,460	3,610	3,630	4,030	4,210
	Timber - (US\$/m3)	702	692	676	663	677	690

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.