

## Monthly Economic Bulletin

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### I. MONETARY DEVELOPMENTS

Money supply (M3) expanded by 4% to \$5,885 million in January 2024 following a 2% increase in the previous month. The growth in M3 was driven by a 5% increase in narrow money (M1) to \$4,956 million, notwithstanding a 1% decline in other deposits (time and savings) to \$929 million. The increase in M1 came from growth in currency in circulation and demand deposits. Meanwhile, the fall in other deposits reflected the drawdown of saving deposits from the banking system.

Net foreign assets (NFA) of the banking system grew by 1% to \$5,223 million. This was particularly driven by a 1% increase in the Central Bank's NFA to \$5,176 million. In contrast, the NFA of other depository corporations (ODCs) contracted from \$47.2 million in December to \$46.9 million in January.

Credit to the private sector (PSC) narrowed by 1% in January 2024 to \$2,748 million, following a 1% growth in the previous month. Meanwhile, net credit to the government (NCG) dwindled by 13% to minus \$614 million, due to the drawdown of government deposits from the banking system during the month.

Liquidity of the banking sector edged 1% higher in January 2024 to \$2,625 million, a slower growth compared to the 6% upturn in December 2023. The increase was driven by the rise in NFA and the decline in NCG. Consequently, excess liquidity expanded by 1% to \$2,315 million during the month.

#### Domestic Market Operations

CBSI's Bokolo Bills stock declined in January 2024 to \$344 million from \$414 million in December 2023. Bokolo Bill's weighted average yield (WAY) widened to 0.26%. Meanwhile, the tender for treasury bills during the month was \$30 million, of which only \$26 million was accepted. The T-bills' WAY for 91, 182 and 365 days increased from 0.50% to 0.53%, 2.39% to 2.45% and 2.60% to 2.65%, respectively during the month.

<sup>1</sup> The percentage change on yearly basis refers to growth comparison against end of 2022

### II. EXTERNAL CONDITIONS

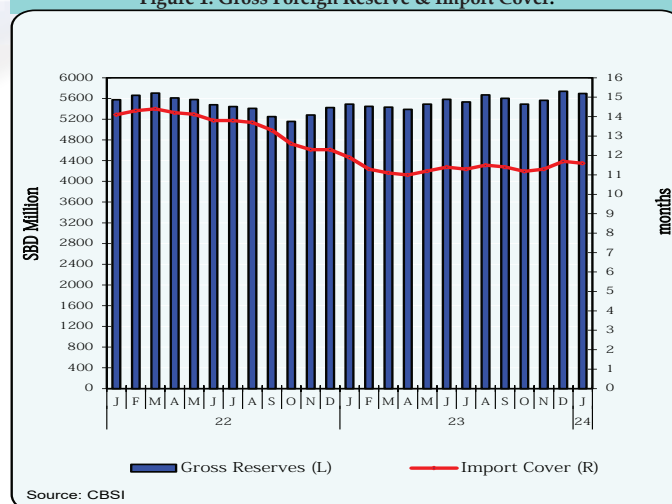
#### Balance on trade in goods

The balance on trade in goods posted a significant provisional surplus of \$166 million in January 2024. This favourable outcome was primarily driven by the growth in exports, rising by 39% to \$465 million attributing to the increase in exports of round logs, fish and mineral exports. Imports, however, dropped by 10% following the decline in food, mineral fuel and machinery imports.

#### Gross Foreign Reserves

Gross foreign reserves edged lower by 1% to \$5,696 million in January, owing to revaluation losses during the period. This level of reserves is sufficient to cover 11.6 months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



#### Exchange rates

In terms of the exchange rate, the Solomon Islands dollar appreciated against the United States dollar by 0.13% to an average of \$8.47 per USD. Similarly, it appreciated against the Australian dollar by 0.63% to \$5.63 per AUD and the New Zealand dollar by 0.69% to \$5.23 per NZD. Likewise, the SBD strengthened against the Japanese Yen and Euro but weakened against the British pound. As a result of the mix movements of the SBD against trading currencies, the trade-weighted index (TWI) weakened by 0.2% to 114.5 during the month.

## II: GOVERNMENT FINANCE

The government recorded a provisional surplus of \$46 million in January 2024, reflective of higher revenue collections and reduction in expenditures. Revenue increased to \$446 million exceeding total expenditure of \$401 million during the month. Meanwhile, the central government’s debt balance fell slightly by 0.3% to \$2,819 million. External debt edged lower by 1.1% to \$1,616 million owing to scheduled repayments and exchange rate movements. Meanwhile, domestic debt inched higher by 0.8% to \$1,202 million mainly from auction treasury bills issued during the month. Debt servicing in January 2024 amounted to \$8.7 million comprising \$7.3 million in principal repayments and \$1.4 million on interest payments.

## IV: DOMESTIC ECONOMY

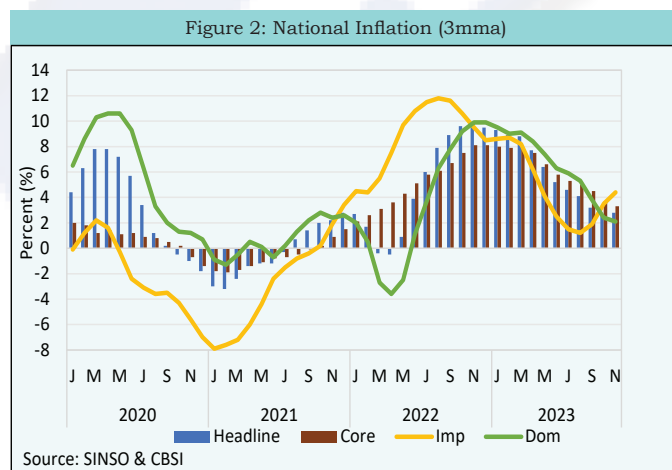
The preliminary monthly production index in January 2024 remained at 126 points. The outcome reflected the downturn in agriculture cash crops (19 points) which was equally offset by the upturn in logging (17 points) and mining (2 points). Actual production showed round logs increased by 27% to 223 thousand cubic meters and minerals by 14% to 5,675 equivalent units of gold ounces, while fishing remained unchanged.

The commodity price index marginally increased by 0.1 points in January to an index of 80.1. This was driven by the upward movement in the global prices of cocoa by 5% to US\$4,400 per ton, crude palm oil by 4% to US\$845 per ton, coconut oil by 2% to US\$1,131 per ton, gold by 0.4% to US\$2,034 per ounce, and timber by 0.3% to US\$692 per cubic meter. Round logs, on the

other hand, fell by 1% to US\$204 per cubic meter whilst fish remained unchanged as in the previous month.

### Consumer Price Index, Inflation (YoY - 3mma)

The latest monthly CPI available is still for November 2023 and had been reported in the December 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 dropped from 130 points to 117 points in January. This outcome reflected the decline in the prices of fuel by 42 cents to \$10.95 per litre, Solrice family (40lb) by 60 cents to \$151.60 per bag, betel nut by \$1.61 to an average of \$1.39 per nut, and electricity tariff for domestic customers by 26 cents to \$8.06 per kWh. LP gas, however, rose by 65 cents to \$28.95 per KG.

## Solomon Islands Key Economic Indicators

		Aug 23	Sep 23	Oct 23	Nov 23	Dec 23	Jan 24
<b>Consumer price index (%)</b>	Headline (3mma)	4.1	3.2	2.7	2.8	n.a	n.a
	Underlying (3mma): core 3	5.0	4.5	3.7	3.3	n.a	n.a
	Headline (MoM)	-0.1	0.0	1.7	-0.2	n.a	n.a
<b>CBSI MPI</b> (weighted Index)	Month- on - Month	107	122	124	127	130	117
<b>Production Index</b>	Index	122	138	104	91	126	126
<b>Trade<sup>1</sup></b> (eop)	Exports ( \$ millions)	295	377	269	214	335	465
	Imports ( \$ millions)	497	576	601	625	334	299
	Trade Balance ( \$ millions)	-201	-200	-332	-411	1	166
<b>Exchange Rates</b> (Mid-rate, Monthly average)	SBD per USD	8.40	8.45	8.48	8.48	8.48	8.47
	SBD per AUD	5.45	5.43	5.39	5.50	5.66	5.63
	SBD per NZD	5.04	5.01	5.00	5.08	5.26	5.23
	SBD per GBP	10.67	10.50	10.32	10.52	10.73	10.74
	SBD per 100 JPY	5.80	5.73	5.67	5.66	5.88	5.80
	SBD per EUR	9.16	9.04	8.95	9.16	9.24	9.23
	TWI	115.7	116.5	117.0	115.9	114.3	114.5
<b>Gross Foreign Reserves</b> ( eop)	\$ milions	5,671	5,602	5,491	5,578	5,775	5,696
<b>Liquidity<sup>2</sup></b> (eop)	Total Liquidity ( \$ millions)	2,628	2,554	2,364	2,474	2,589	2,625
	Excess Liquidity ( \$ millions)	2,258	2,186	1,997	2,107	2,222	2,315
<b>Money and credit<sup>2</sup></b> (eop)	Narrow Money, M1 ( \$ millions)	4,694	4,693	4,655	4,708	5,143	4,956
	Broad Money, M3 ( \$ millions)	5,759	5,745	5,667	5,718	6,158	5,885
	Private Sector credit ( \$ millions)	2,701	2,733	2,735	2,753	2,763	2,748
<b>Interest Rates</b> ( weighted average yield)	28-days Bokolo Bills rate (%)	0.24	0.24	0.24	0.24	0.24	0.26
	91- days Treasury Bills rate (%)	0.50	0.50	0.50	0.50	0.50	0.53
	182-days Treasury Bills rate (%)	1.82	1.80	1.95	2.22	2.39	2.45
	365-days Treasury Bills rate (%)	2.10	2.09	2.17	1.84	2.60	2.65
<b>Government Finance</b>	Revenue ( \$ millions)	312	310	268	290	300	446
	Expenditure ( \$ millions)	442	388	350	475	492	401
	Fiscal Balance ( \$ millions)	-130	-78	-81	-185	-192	46
	SIG Debt stock (eop) ( \$ millions)	2,340	2,478	2,626	2,677	2,827	2,819
<b>Global Commodity Prices</b> ( monthly averages)	CBSI Commodity Price Index	80.1	78.9	78.5	79.8	80.0	80.1
	Round logs - (US\$/m3)	206	202	199	199	207	204
	Gold - (US\$/oz)	1,919	1,916	1916	1,984	2,026	2,034
	Palm Oil - (US\$/tonne)	861	830	804	830	814	845
	Fish - (US\$/tonne)	1,950	1,888	1,909	1,848	1,580	1,580
	Coconut oil - (US\$/tonne)	1,099	1,072	1,046	1,115	1,109	1,131
	Cocoa - (US\$/tonne)	3,460	3,610	3,630	4,030	4,210	4,400
	Timber - (US\$/m3)	692	676	663	677	690	692

<sup>1</sup> Value in terms of free on Board (FOB)

<sup>2</sup> Based on weekly statistics provided by other depository corporations ( ODCs).

Note;  
na : not available at time of publication.