

## Monthly Economic Bulletin

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### I. MONETARY DEVELOPMENTS

Money supply (M3) grew further in April 2024 by 1% to \$5,915 million, following a 1% increase in the previous month. The growth in M3 reflected a 1% increase in narrow money (M1) to \$4,985 million and a 0.7% increase in other deposits (time and savings) to \$930 million. The increase in M1 came from the upturns in currency in circulation and demand deposits.

Net foreign assets (NFA) of the banking system edged 1% lower to \$5,047 million. This was driven by a 1% decline in the Central Bank's NFA to \$5,036 million despite an increase in NFA of other depository corporations (ODCs) from \$7 million in March to \$11 million in April. NFA fell by 2% on an annual basis<sup>1</sup>.

Credit to the private sector (PSC) inched 0.02% lower to \$2,768 million. Net credit to the government (NCG) also declined by 17% to minus \$533 million, reflecting a fall in government deposits in the banking system during the month. Meanwhile, PSC and NCG narrowed on an annual basis<sup>1</sup> by 0.5% and 24%, respectively.

Liquidity of the banking sector narrowed by 4% in April 2024 to \$2,609 million following a 2% decline in March. The decline was due to a fall in NFA of the banking system during the month. Consequently, excess liquidity declined by 4% to \$2,296 million during the month.

#### Domestic Market Operations

CBSI's Bokolo Bills stock increased in April 2024 to \$430 million from \$338 million in March. Bokolo Bill's weighted average yield (WAY) remain unchanged at 0.24% as in the previous month. Meanwhile, treasury bills tendered during the month was \$38 million, of which \$26 million was accepted. The T-bills' WAY for 91 days increased from 0.93% to 1.10%. On the other hand, WAY for 182 and 365 days remained at 2.45% and 2.65% respectively as in the previous month.

<sup>1</sup> The annual percentage change refer to growth comparison against December 2023

### II. EXTERNAL CONDITIONS

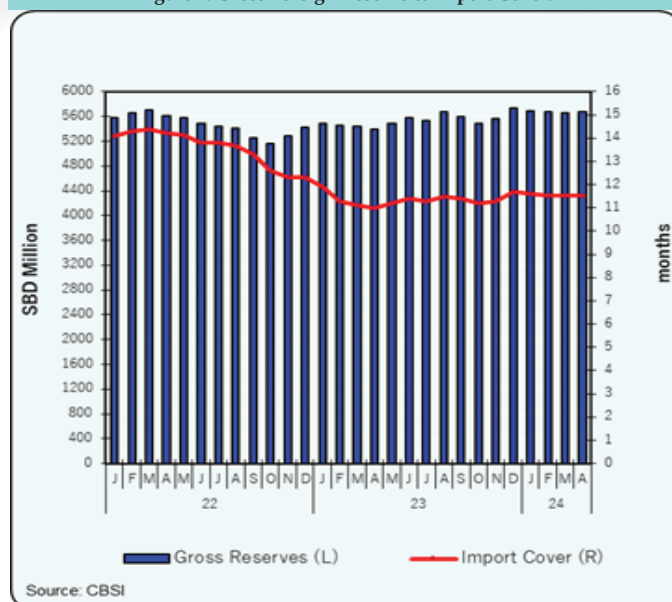
#### Trade in goods

The balance on trade in goods deficit worsened to \$281 million in April following a \$4 million deficit witnessed in the prior month. This negative outcome, stemmed from a 29% fall in exports to \$247 million combined with a 50% rise in imports to \$528 million. The decline in exports was largely driven by the fall in fish, minerals and other exports during the month. Meanwhile, the surge in imports reflected broad increases across all import categories except for food imports during the period

#### Gross Foreign Reserves

Gross foreign reserves improved slightly by 0.1% to \$5,665 million reflecting higher donor inflows during the month. This level of reserves is sufficient to cover 11.5 months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



#### Exchange rate

The Solomon Islands dollar depreciated against the United States dollar by 0.6% to an average of \$8.54

per USD in April. Conversely, the SBD appreciated against the Australian dollar and the New Zealand dollar by 0.2% to \$5.56 per AUD and by 2% to \$5.09 per NZD respectively. Similarly, the SBD strengthened against the British pound, Japanese Yen and the Euro. As a result of the strong dominance of the USD in the currency basket weakened by 0.6% to 115.9 during the month.

**II: GOVERNMENT FINANCE**

The Central Government’s debt stock rose to \$3,327 million in April from \$2,888 million in March due to disbursements of infrastructure external loans and issuance of development bonds. External debt rose by 24% to \$2,079 million and domestic debt grew by 3% to \$ 1,248 million. Debt servicing in April totaled \$26 Million, consisting of \$21 million in principal repayments and \$5 million in interest payments.

**IV: DOMESTIC ECONOMY**

The monthly production index in April 2024 rebounded by 8 points to a preliminary index of 117. The outcome reflected the upturn in logging (14 points), fishing (3 points), and agriculture cash crops (8 points) which outweighed the fall in mining (17 points). Actual production showed round logs increased by 27% to 188 thousand cubic meters, fish catch by 25% to 2,442 tons, coconut oil by 51% to 313 tons and copra went up by 83% to 367 tons. On the other hand, minerals plummeted by 65% to 3,007 equivalent units of gold ounces and cocoa fell by 33% to 30 tons.

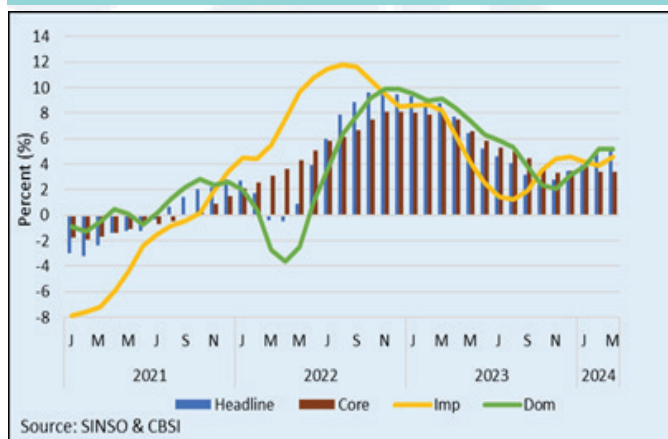
The commodity price index grew by 5 points to an index of 88.5. This was driven by the upward movement in the international prices for cocoa by 37% to US\$9,740 per ton, coconut oil by 11% to US\$1,425 per ton, fish by 6% to US\$1,535 per ton and gold by 8% to US\$2,331 per ounce. In contrast, round logs, fell by 3% to US\$194 per cubic meter, timber by 1% to US\$683 per cubic meter, crude palm oil by 0.8% to US\$936 per ton.

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

The CPI in March 2024 went down to an index of 125.9 from 127 in February. This reflected the lower prices recorded for betel-nut, tobacco, electricity, fruits, and vegetables.

Meanwhile, headline inflation in March rose to 5.0% from 4.8% in February. The upward trend on an annual basis was driven by a rise in imported inflation by 0.2 percentage points to 4.6%. Meanwhile, domestic inflation and core inflation remained unchanged at 5.2% and 3.4% respectively as in the previous month.

Figure 2: National Inflation (3mma)



**CBSI Monthly Price Index (MPI)**

The CBSI MPI for the selected consumer items in April edged up to 117 points from 116 points in March. This outcome was attributed to the rise in the prices of Solrice family (40lb) by \$1.00 to \$150.60 per bag, LP gas by 93 cents to \$30.01 per KG, and electricity tariff for domestic customers by 78 cents to \$7.84 per KWh. On the other hand, the prices of fuel declined by 11 cents to \$11.46 per litre and betel-nut by 26 cents to an average of \$1.15 per nut.

## Solomon Islands Key Economic Indicators

		Nov 23	Dec 23	Jan 24	Feb 24	Mar 24	Apr 24
<b>Consumer price index (%)</b>	Headline (3mma)	2.8	3.5	3.9	4.8	5.0	na
	Underlying (3mma): core 3	3.3	3.5	3.8	3.4	3.4	na
	Headline (MoM)	-0.1	0.5	1.3	1.5	-0.8	na
<b>CBSI MPI</b> (weighted Index)	Month- on - Month	128	130	117	119	116	117
<b>Production Index</b>	Index	91	129	133	144	110	117
<b>Trade<sup>1</sup></b> (eop)	Exports ( \$ millions)	214	335	465	375	349	247
	Imports ( \$ millions)	625	334	299	288	353	528
	Trade Balance ( \$ millions)	-411	1	166	88	-4	-281
<b>Exchange Rates</b> (Mid-rate, Monthly average)	SBD per USD	8.48	8.48	8.45	8.50	8.49	8.54
	SBD per AUD	5.50	5.66	5.63	5.55	5.57	5.56
	SBD per NZD	5.08	5.26	5.23	5.21	5.19	5.09
	SBD per GBP	10.52	10.73	10.74	10.74	10.80	10.69
	SBD per 100 JPY	5.66	5.88	5.80	5.69	5.68	5.56
	SBD per EUR	9.16	9.24	9.23	9.18	9.24	9.16
	SBD Currency Basket Index	115.9	114.3	114.5	115.5	115.3	115.9
<b>Gross Foreign Reserves</b> ( eop)	\$ millions	5,578	5,775	5,696	5,670	5,662	5,665
<b>Liquidity<sup>2</sup></b> (eop)	Total Liquidity ( \$ millions)	2,474	2,589	2,625	2,771	2,716	2,609
	Excess Liquidity ( \$ millions)	2,107	2,222	2,315	2,450	2,390	2,296
<b>Money and credit<sup>2</sup></b> (eop)	Narrow Money, M1 ( \$ millions)	4,708	5,143	4,956	4,856	4,925	4,985
	Broad Money, M3 ( \$ millions)	5,718	6,158	5,885	5,781	5,848	5,915
	Private Sector credit ( \$ millions)	2,753	2,763	2,748	2,748	2,769	2,768
<b>Interest Rates</b> ( weighted average yield)	28-days Bokolo Bills rate (%)	0.24	0.24	0.26	0.24	0.24	0.24
	91- days Treasury Bills rate (%)	0.50	0.50	0.53	0.58	0.93	1.10
	182-days Treasury Bills rate (%)	2.22	2.39	2.45	2.45	2.45	2.45
	365-days Treasury Bills rate (%)	1.84	2.60	2.65	2.65	2.65	2.65
<b>Government Finance</b>	Revenue ( \$ millions)	290	300	415	195	330	na
	Expenditure ( \$ millions)	475	492	300	305	298	na
	Fiscal Balance ( \$ millions)	-185	-197	115	-110	32	na
	SIG Debt stock (eop) ( \$ millions)	2,677	2,827	2,819	2,822	2,888	3,327
<b>Global Commodity Prices</b> ( monthly averages)	CBSI Commodity Price Index	79.8	80.0	81.6	79.8	83.8	88.5
	Round logs - (US\$/m3)	199	207	204	199	199	194
	Gold - (US\$/oz)	1,984	2,026	2,034	2,023	2,158	2,331
	Palm Oil - (US\$/tonne)	830	814	845	857	943	936
	Fish - (US\$/tonne)	1,848	1,580	1,580	1,847	1,451	1,535
	Coconut oil - (US\$/tonne)	1,115	1,109	1,131	1,172	1,288	1,425
	Cocoa - (US\$/tonne)	4,030	4,210	4,400	5,560	7,089	9,740
	Timber - (US\$/m3)	677	690	692	688	693	683

<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.