

## Monthly Economic Bulletin

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### I. MONETARY DEVELOPMENTS

Money supply (M3) grew by 1% to \$5,848 million in March 2024 reversing the 2% decline in the previous month. The growth in M3 was driven by a 1% increase in narrow money (M1) to \$4,925 million despite a 0.3% decline in other deposits (time and savings) to \$923 million. The increase in M1 came from the upturns in currency in circulation and demand deposits. Meanwhile, the decline in other deposits came from savings deposits.

Net foreign assets (NFA) of the banking system edged 0.4% higher to \$5,099 million. This was driven by a 1% increase in the Central Bank's NFA to \$5,092 million despite a fall in the NFA of other depository corporations (ODCs) from \$18 million in February to \$7 million in March. NFA fell by 1% on an annual basis<sup>1</sup>.

Credit to the private sector (PSC) increased by 1% to \$2,769 million. Meanwhile, net credit to the government (NCG) grew by 2% to minus \$641 million, reflecting an increase in government deposits in the banking system during the month. Meanwhile, PSC and NCG on an annual basis<sup>1</sup> declined by 0.4% and 9%, respectively.

Liquidity of the banking sector narrowed by 4% in March 2024 to \$2,672 million reversing the 6% growth in February. The decline was due to the increase in government deposits in the banking system during the month. Consequently, excess liquidity declined by 4% to \$2,349 million during the month.

#### Domestic Market Operations

The stock of CBSI's Bokolo Bills increased in March 2024 to \$338 million from \$255 million in February. Bokolo Bill's weighted average yield (WAY) remain unchanged at 0.24% from the previous month. Meanwhile, treasury bills tendered during the month was \$45 million, of which only \$26 million was accepted. The T-bills' WAY for 91 days increased from 0.58% to 0.93%. On the other hand, WAY for 182 and 365 days remained unchanged from the previous month at 2.45% and 2.65%, respectively.

### II. EXTERNAL CONDITIONS

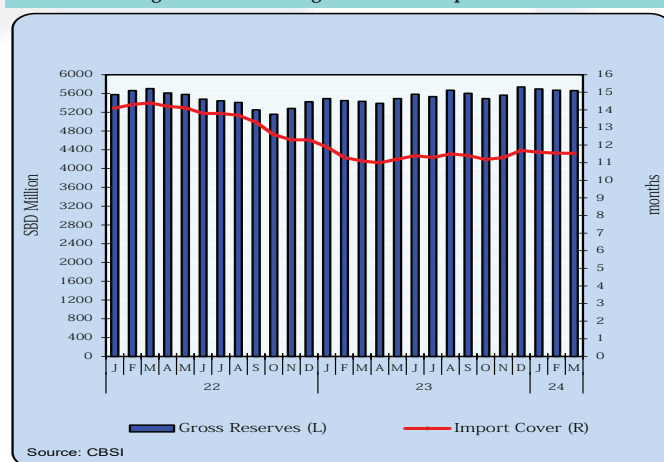
#### Trade in goods

The provisional balance on trade in goods recorded a narrower surplus of \$86 million in March from a \$88 million surplus witnessed in the previous month. This outcome emanated from a 12% increase in exports to \$420 million combined with a 16% growth in imports to \$334 million. The rise in exports was largely driven by fish, minerals and agricultural exports during the period. Meanwhile, the higher imports came from major import categories particularly food imports.

#### Reserves

Gross foreign reserves slid marginally by 0.1% to \$5,662 million during the month mainly from foreign exchange revaluation losses. 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 rates

The Solomon Islands dollar appreciated against the United States dollar by 0.2% to an average of \$8.49 per USD. On the other hand, the SBD depreciated against the Australian dollar by 0.4% to \$5.57 per AUD, however, it appreciated against the New Zealand dollar by 0.4% to \$5.19 per NZD. Similarly, the SBD strengthened against the Japanese Yen, but weakened against the British pound and the Euro. Given the mixed movements of foreign currencies, the SBD currency basket index appreciated by 0.2% to 115.3 points during the month.

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

**II: GOVERNMENT FINANCE**

The Government Finance<sup>2</sup> posted a provisional surplus of \$32 million in March 2024, reversing the \$110 million deficit recorded in the previous month. This favorable outcome stemmed mainly from a 70% surge in revenue collection to \$330 million against a 2% reduction in expenditure to \$298 million during the period.

Meanwhile, the central government’s total debt stock grew slightly by 0.4% to \$2,888 million at the end of March following further loan disbursement from the World Bank and the additional treasury bills auctioned during the period. As a result, external debt stock edged up by 0.6% to \$1,678 million and domestic debt stock minimally increased by 0.2% to \$1,210 million. Debt servicing during the month amounted to \$53 million, comprising of \$47 million in principal repayments and \$6 million in interest payments.

**IV: DOMESTIC ECONOMY**

The monthly production index in March 2024 grew by 2 point to a provisional index of 141. The positive outcome reflected the upturn in logging (5 points) and mining (2 points) which outweigh the fall in fishing (4 points) and agriculture cash crops (1 point). Actual production showed round logs increased by 11% to 136 thousand cubic meters, and minerals by 8% to 8,479 equivalent units of gold ounces. In contrast, fish catch declined by 29% to 1,955 tons and crude palm oil by 7% to 2,125 tons, respectively.

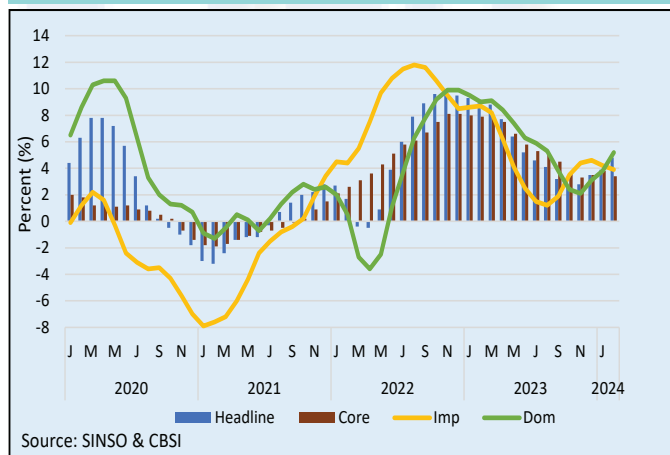
The commodity price index edged up by 4 points to an index of 86.1 points. This outcome was driven by the upward trend in the international prices of cocoa by 27% to US\$7,089 per ton, coconut oil by 10% to US\$1,288 per ton, gold by 7% to 2,158 per ounce, crude palm oil by 10% to US\$943 per ton, timber by 1% to US\$693 per cubic meter while round logs, on the other hand, fell by 0.2% to US\$199 per cubic meter. Meanwhile, fish price is estimated to remain at US\$1,847 per ton during the month.

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

The CPI in February 2024 went up to an index of 127 from 125.1 in January. This reflected the higher prices of betel-nut, tobacco, gas, fruits, vegetables and passenger airfare which outweighed the fall in electricity prices.

Headline inflation in February rose to 4.8% from 3.9% in January. The upward movement was driven by a rise in domestic inflation by 1.4 percentage points to 5.2 % while imported inflation, on the other hand, eased further by 0.3 percentage points to 3.9%. Meanwhile, core inflation fell by 0.4 percentage points to 3.4% in February.

Figure 2: National Inflation (3mma)



**CBSI Monthly Price Index (MPI)**

The CBSI MPI for the selected consumer items in March dropped to 116 points from 119 points in February. This outcome mirrored the fall in the prices of Solrice family (40lb) by \$1.80 to \$149.60 per bag, betel-nut by 63 cents to an average of \$1.41 per nut, and electricity tariff for domestic customers by 8 cents to \$7.05 per KWh. In contrast, the prices of fuel rebounded by 66 cents to \$11.57 per litre and LP gas by 13 cents to \$29.08 per KG.

<sup>2</sup> Data obtained from the government accounts held at CBSI

## Solomon Islands Key Economic Indicators

		Oct 23	Nov 23	Dec 23	Jan 24	Feb 24	Mar 24
<b>Consumer price index (%)</b>	Headline (3mma)	2.7	2.8	3.5	3.9	4.8	n.a
	Underlying (3mma): core 3	3.7	3.3	3.5	3.8	3.4	n.a
	Headline (MoM)	1.7	-0.1	0.5	1.3	1.5	n.a
<b>CBSI MPI</b> (weighted Index)	Month- on - Month	124	128	130	117	119	116
<b>Production Index</b>	Index	104	91	129	131	139	141
<b>Trade<sup>1</sup></b> (eop)	Exports ( \$ millions)	269	214	335	465	375	420
	Imports ( \$ millions)	601	625	334	299	288	334
	Trade Balance ( \$ millions)	-332	-411	1	166	88	86
<b>Exchange Rates</b> (Mid-rate, Monthly average)	SBD per USD	8.48	8.48	8.48	8.45	8.50	8.49
	SBD per AUD	5.39	5.50	5.66	5.63	5.55	5.57
	SBD per NZD	5.00	5.08	5.26	5.23	5.21	5.19
	SBD per GBP	10.32	10.52	10.73	10.74	10.74	10.80
	SBD per 100 JPY	5.67	5.66	5.88	5.80	5.69	5.68
	SBD per EUR	8.95	9.16	9.24	9.23	9.18	9.24
	SBD Currency Basket Index	117.0	115.9	114.3	114.5	115.5	115.3
<b>Gross Foreign Reserves</b> ( eop)	\$ millions	5,491	5,578	5,775	5,696	5,670	5,662
<b>Liquidity<sup>2</sup></b> (eop)	Total Liquidity ( \$ millions)	2,364	2,474	2,589	2,625	2,771	2,672
	Excess Liquidity ( \$ millions)	1,997	2,107	2,222	2,315	2,450	2,349
<b>Money and credit<sup>2</sup></b> (eop)	Narrow Money, M1 ( \$ millions)	4,655	4,708	5,143	4,956	4,856	4,925
	Broad Money, M3 ( \$ millions)	5,667	5,718	6,158	5,885	5,781	5,848
	Private Sector credit ( \$ millions)	2,735	2,753	2,763	2,748	2,748	2,767
<b>Interest Rates</b> ( weighted average yield)	28-days Bokolo Bills rate (%)	0.24	0.24	0.24	0.26	0.24	0.24
	91- days Treasury Bills rate (%)	0.50	0.50	0.50	0.53	0.58	0.93
	182-days Treasury Bills rate (%)	1.95	2.22	2.39	2.45	2.45	2.45
	365-days Treasury Bills rate (%)	2.17	1.84	2.60	2.65	2.65	2.65
<b>Government Finance</b>	Revenue ( \$ millions)	268	290	300	415	195	330
	Expenditure ( \$ millions)	350	475	492	300	305	298
	Fiscal Balance ( \$ millions)	-81	-185	-197	115	-110	32
	SIG Debt stock (eop) ( \$ millions)	2,626	2,677	2,827	2,819	2,822	2,859
<b>Global Commodity Prices</b> ( monthly averages)	CBSI Commodity Price Index	78.5	79.8	80.0	81.6	82.0	86.1
	Round logs - (US\$/m3)	199	199	207	204	199	199
	Gold - (US\$/oz)	1916	1,984	2,026	2,034	2,023	2,158
	Palm Oil - (US\$/tonne)	804	830	814	845	857	943
	Fish - (US\$/tonne)	1,909	1,848	1,580	1,580	1,847	1,847
	Coconut oil - (US\$/tonne)	1,046	1,115	1,109	1,131	1,172	1,288
	Cocoa - (US\$/tonne)	3,630	4,030	4,210	4,400	5,560	7,089
	Timber - (US\$/m3)	663	677	690	692	688	693

<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.