

## Monthly Economic Bulletin

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### I. MONETARY DEVELOPMENTS

Money supply (M3) rebounded by 1% to \$5,928 million in June 2024, following a 1% decline in the previous month. The growth in M3 was driven by a 1% increase in narrow money (M1) to \$4,994 million and a 0.6% expansion in other deposits (time and savings) to \$934 million.

Net foreign assets (NFA) of the banking system grew by 1% to \$5,036 million. This was due to an increase in NFA of other depository corporations (ODCs) from \$1 million in May to \$62 million in June despite a 0.3% decline in the Central Bank's NFA to \$4,974 million. NFA declined by 3% on an annual basis<sup>1</sup>.

Credit to private sector (PSC) increased slightly by 0.6% to \$2,756 million. Meanwhile, net credit to the government (NCG) declined by 3% to minus \$533 million, driven by the fall of government deposits held in the banking system during the month. On an annual basis<sup>1</sup>, PSC and NCG declined by 1% and 24%, respectively.

Liquidity in the banking system narrowed by 3% in June 2024 to \$2,906 million. The decline was driven by the fall in call account deposits at CBSI during the month. Consequently, excess liquidity declined by 3% to \$2,630 million over the review period.

#### Domestic Market Operations

CBSI's Bokolo Bills stock narrowed to \$428 million in June 2024. The weighted average yield (WAY) for Bokolo Bills remained at 0.24% from the previous month. Meanwhile, the tender for treasury bills (T-Bills) during the month amounted to \$36 million, of which \$24 million was accepted. The T-bills WAY for 91 days increased from 1.10% to 1.12%. On the other hand, the WAY for 182 and 365 days fell from 2.45% to 2.40% and from 2.65% to 2.63%, respectively.

### II. EXTERNAL CONDITIONS

#### Trade in goods

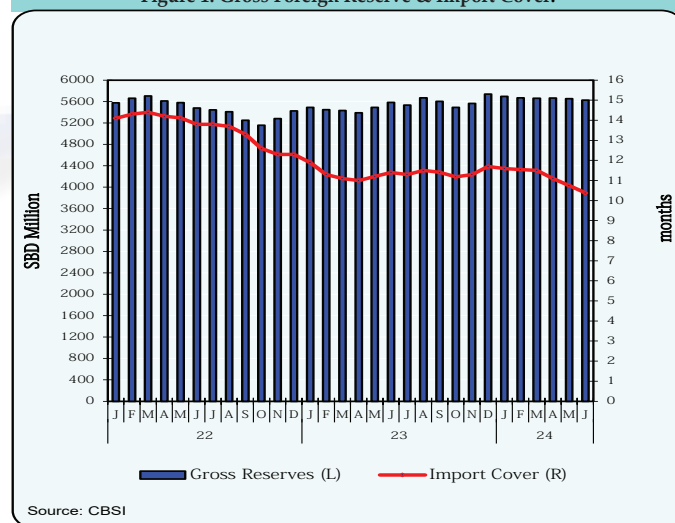
The balance on trade in goods recorded a deficit of \$39 million in June 2024, reversing the \$163 million surplus witnessed in the preceding month. This negative

outcome emanated from a fall in exports by 31% to \$288 million along with an increase in imports by 28% to \$327 million. The sizeable reduction in exports reflected the fall across major export commodities, particularly round logs, during the month. Meanwhile, the growth in imports stemmed from higher imports for food, machinery and other imports.

#### Gross Foreign Reserves

Gross foreign reserves fell slightly by 1% to \$5,626 million, owing to revaluation losses during the month. This level of reserves is sufficient to cover 10.4 months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



#### Exchange rate

The Solomon Islands dollar appreciated against the United States dollar by 0.42% to an average of \$8.47 per USD in June. Similarly, the SBD slightly appreciated against the Australian dollar by 0.02% to \$5.63 per AUD. On the other hand, the SBD depreciated against the New Zealand dollar by 0.98% to \$5.20 per NZD. Meanwhile, the SBD strengthened against both the Japanese Yen and Euro, but weakened against the British pound. Following the mixed movements of foreign currencies during the period, the SBD currency basket index strengthened by 0.2% to 115 points.

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

**II: GOVERNMENT FINANCE**

The government’s operational balance recorded a provisional surplus of \$47 million in June 2024, a notable improvement compared to the \$15 million deficit in the prior month. Supporting this positive outcome was the increase in revenue collection and the fall in government expenditure during the month. Total revenue rose by 13% to \$299 million, driven by higher collections of Inland Revenue (IRD) taxes and non-tax receipts. In terms of expenditure, total spending decreased by 10% to \$252 million, mirroring reduced payments on payroll and goods and services.

Meanwhile, the government’s debt stock grew by 2% to \$2,939 million in June from a revised \$2,892 million in the previous month. The upward trend was mainly driven by additional disbursements for infrastructure related external loans. Accordingly, external debt rose by 6% to \$1,718 million, whilst domestic debt edged lower by 4% to \$1,221 million, due to large debt repayments made during the month. Debt servicing in June amounted to \$83 million, comprising of \$74 million in principal repayments and \$9 million on interest payments.

**IV: DOMESTIC ECONOMY**

The preliminary monthly production index increased by 9 points to an index of 119 in June 2024. The outcome was mainly attributed to the upturn in agriculture cash crops (31 points) which outweighed the fall in logging (19 points), fishing (2 points), and mining (1 point). Actual production showed round logs declined by 41% to 81 thousand cubic meters, minerals by 3% to 6,254 equivalent units of gold ounces, copra tripled to 997 tons, coconut oil more than doubled to 654 tons and cocoa surged substantially from 15 tons to 231 tons during the month.

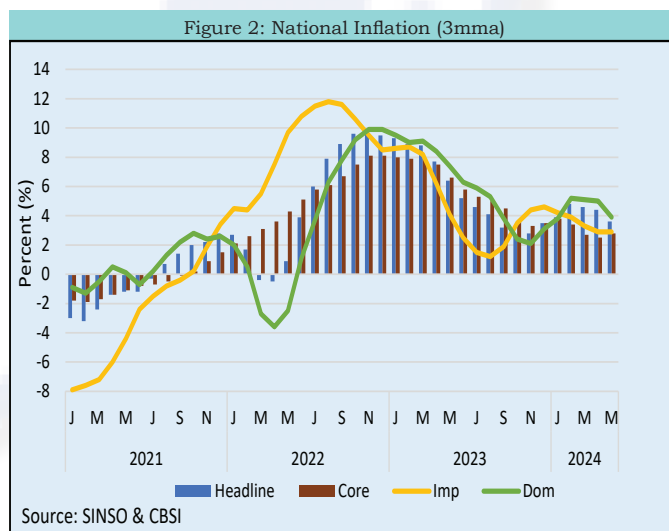
The commodity price index improved by 1 point to an index of 87.4, largely driven by the rebound in cocoa prices by 10% to US\$8,270 per ton and fish by 7% to US\$1,764 per ton in the reviewed period. The prices of crude palm oil and timber also increased by 2% and 1% to US\$874 per ton and US\$693 per cubic meter, respectively. On the other hand, the price of coconut oil decreased by 0.3% to US\$1,398 per ton, round logs

by 1% to US\$189 per cubic meter and gold by 1% to US\$2,326 per ounce.

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

The CPI in May 2024 declined to an index of 123.7 from 124.1 in April. This mirrored the lower prices recorded for betel-nut, alcoholic beverages, maintenance and repair, oils and fats, and passenger sea fare which outweighed the rise in the prices of electricity, gas, tobacco, fruits and vegetables.

Headline inflation in May fell to 3.6% from 4.4% in April. This slow-down was driven by a fall in domestic inflation by 1.1 percentage points to 3.9% whilst imported inflation remained unchanged at 2.9%. Meanwhile, core inflation rose by 0.3 percentage points to 2.8%.



**CBSI Monthly Price Index (MPI)**

The CBSI MPI for selected consumer items dropped to 112 points from 115 points in May. This was mainly driven by the significant fall in the prices of fuel by 39 cents to \$11.26 per litre and the electricity tariff for domestic customers by 53 cents to \$7.73 per KWh. In contrast, the prices of Solrice family (40lb) edged up by 40 cents to \$151.60 per bag, and betel-nut from \$0.58 to \$0.59 per nut. Meanwhile, LP gas remained unchanged as in the previous month at \$30.01 per KG.

## Solomon Islands Key Economic Indicators

		Jan 24	Feb 24	Mar 24	Apr 24	May 24	Jun 24
Consumer price index (%)	Headline (3mma)	3.9	4.8	4.6	4.4	3.6	n.a
	Underlying (3mma): core 3	3.8	3.4	2.7	2.5	2.8	n.a
	Headline (MoM)	1.3	1.5	-2.0	-0.3	-0.3	n.a
CBSI MPI (weighted Index)	Month- on - Month	117	119	116	117	115	112
Production Index	Index	145	119	117	110	109	119
Trade <sup>1</sup> (eop)	Exports ( \$ millions)	338	303	356	272	419	288
	Imports ( \$ millions)	362	288	353	528	256	327
	Trade Balance ( \$ millions)	-24	15	4	-256	163	-39
Exchange Rates (Mid-rate, Monthly average)	SBD per USD	8.45	8.50	8.49	8.54	8.51	8.47
	SBD per AUD	5.63	5.55	5.57	5.56	5.63	5.63
	SBD per NZD	5.23	5.21	5.19	5.09	5.15	5.20
	SBD per GBP	10.74	10.74	10.80	10.69	10.74	10.77
	SBD per 100 JPY	5.80	5.69	5.68	5.56	5.46	5.37
	SBD per EUR	9.23	9.18	9.24	9.16	9.19	9.12
	SBD Currency Basket Index	114.5	115.5	115.3	115.9	115.2	115.0
Gross Foreign Reserves( eop)	\$ millions	5,696	5,670	5,662	5,665	5,655	5,626
Liquidity <sup>2</sup> (eop)	Total Liquidity ( \$ millions)	2,625	2,771	2,716	2,609	2,992	2,906
	Excess Liquidity ( \$ millions)	2,315	2,450	2,399	2,351	2,723	2,630
Money and credit <sup>2</sup> (eop)	Narrow Money, M1 ( \$ millions)	4,956	4,856	4,925	4,985	4,928	4,994
	Broad Money, M3 ( \$ millions)	5,885	5,781	5,848	5,915	5,857	5,928
	Private Sector credit ( \$ millions)	2,748	2,748	2,769	2,768	2,740	2,756
Interest Rates ( weighted average yield)	28-days Bokolo Bills rate (%)	0.26	0.24	0.24	0.24	0.24	0.24
	91- days Treasury Bills rate (%)	0.53	0.58	0.93	1.10	1.10	1.12
	182-days Treasury Bills rate (%)	2.45	2.45	2.45	2.45	2.45	2.40
	365-days Treasury Bills rate (%)	2.65	2.65	2.65	2.65	2.65	2.63
Government Finance	Revenue ( \$ millions)	335	195	273	251	264	299
	Expenditure ( \$ millions)	263	290	269	287	280	252
	Fiscal Balance ( \$ millions)	72	-95	4	-36	-15	47
	SIG Debt stock (eop) ( \$ millions)	2,819	2,875	2,925	2,919	2,892	2,939
Global Commodity Prices ( monthly averages)	CBSI Commodity Price Index	81.6	79.8	83.8	88.5	86.7	87.4
	Round logs - (US\$/m3)	204	199	199	194	191	189
	Gold - (US\$/oz)	2,034	2,023	2,158	2,331	2,351	2,326
	Palm Oil - (US\$/tonne)	845	857	943	936	859	874
	Fish - (US\$/tonne)	1,874	1,451	1,451	1,535	1,652	1,764
	Coconut oil - (US\$/tonne)	1,131	1,172	1,288	1,425	1,402	1,398
	Cocoa - (US\$/tonne)	4,400	5,560	7,089	9,740	7,540	8,270
	Timber - (US\$/m3)	692	688	693	683	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.