



CENTRAL BANK of SOLOMON ISLANDS

P.O. BOX 634, Honiara, Solomon Islands

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FOR IMMEDIATE RELEASE

Monetary Policy Stance for September 2024

At its monetary policy meeting held on 29th August 2024, the Board of the Central Bank of Solomon Islands (CBSI) has adopted an accommodative monetary policy stance for the next six months. Inflation has eased and is expected to remain low within the Bank's desirable range. This should induce increase in economic activity in the short to medium term.

Domestic economic activities strengthened in the first six month to June 2024 following higher-than-anticipated outturns in fishing, forestry, manufacturing and construction sectors. The Balance of Payment surplus position and the labor market conditions also remained favorable.

Furthermore, inflation eased slightly from 3.5% in December 2023 to 3.4% in June 2024, reflecting the tight monetary policy stance adopted by CBSI to bring down inflation and the stabilization of the global energy prices. The swift response by the Government in repairing damaged roads and bridges that had been affected by heavy rains earlier in the year, along with the actions taken by State-Owned Enterprises to maintain the ports fees and charges, and utility tariffs also contributed to lowering inflation.

The economic outlook for 2024 has been revised upward to a 3.0% growth, from 2.9% projected earlier in March, in anticipation of a stronger-than-expected growth in fishing, forestry, manufacturing and public sectors, combined with expectations for moderate expansions in mining and construction. However, in spite of the positive outlook growth remains fragile, considering the downside risks, and the country's vulnerability to shocks.

Furthermore, CBSI expects inflation to ease further to 2.5% in December 2024, and 2.0% in March 2025 in line with the expectations for further stabilization of fuel price and a modest rise in rice price.

In spite of the disinflationary trajectory witnessed during the first half of 2024, upside risks remain on the horizon. Central Bank will continue to assess incoming macroeconomic data and evolving assessments of risks, and take appropriate actions should any large shocks and associated risks to inflation emerge.

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