

# CENTRAL BANK OF SOLOMON ISLANDS

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## Monthly Economic Bulletin

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<u>Content</u>	<u>Page</u>
I: Monetary Developments	1
II: External Conditions	1
III: Government Finances	2
IV: Domestic Production	2
V. Key Economic Indicators	3

### I: MONETARY DEVELOPMENTS

Money supply (M3) grew by 3% in February 2025 to \$6,227 million, reversing the 0.2% decline in the previous month. This was due to a 4% rise in narrow money (M1) to \$5,283 million. Other deposits (time and saving), however, contracted by 4% to \$944 million.

Net foreign assets (NFA) of the banking sector grew by 2% to \$5,490 million, driven by a 0.2% increase in the Central Bank's NFA to \$5,380 million. In addition, the NFA of other depository corporations (ODCs) expanded from minus \$7 million in January to \$111 million in February. On annual basis<sup>1</sup>, NFA increased by 3%.

Credit to private sector (PSC) dipped by 0.1% to \$2,836 million in February. Likewise, net credit to the government (NCG) declined by 5% to minus \$605 million, due to the drawdown of government deposits in the banking system during the month. Annually<sup>1</sup>, PSC and NCG declined by 0.3% and 7%, respectively.

Free liquidity<sup>2</sup> in the banking system surged by 10% in February reaching \$2,782 million. This reflected an increase in call account deposits at the CBSI, combined with a growth in NFA during the month. The minimum required reserves stood at \$313 million in February.

### Domestic Market Operations

The stock of the CBSI's Bokolo Bills stood at \$430 million in February 2025. The weighted average yield (WAY) for Bokolo Bills rose to 0.35% from 0.32% in the previous month. Meanwhile, the tender for treasury bills (T-Bills) during the month was \$33 million, though only \$19 million was absorbed. The T-bills WAY for 91 days remained unchanged at 1.15%

as in the previous month. However, the WAY for 182 and 365 days declined marginally from 2.41% to 2.40% and 2.61% to 2.60%, respectively.

### II: EXTERNAL CONDITIONS

#### Trade in goods

The balance on trade in goods recorded a reduced surplus of \$131 million in February 2025, down from \$192 million in January. This was driven by a 20% decline in exports to \$426 million, outweighing a 13% drop in imports to \$295 million. The decline in exports stemmed mainly from the reduction in round logs, minerals, and fish exports. Meanwhile, the reduction in imports reflected broad-based declines across all import categories.

#### Remittances

Remittances processed through money transfer operators recorded inward receipt of \$29 million, while outward payments totalled \$10 million. As a result, net remittances posted a surplus of \$19 million during the month.

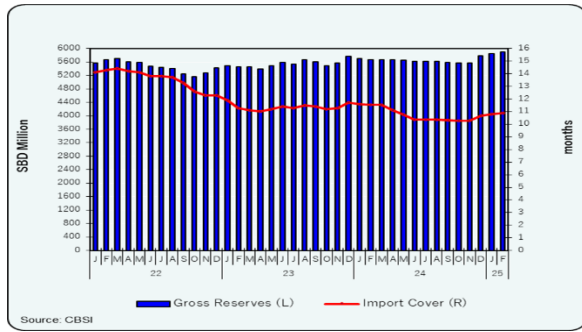
#### Gross Foreign Reserves

Gross foreign reserves grew by 1% to \$5,898 million in February, supported by inflows from trade and donor receipts. This level of reserves is sufficient to cover 10.9 months of imports of goods and services.

<sup>1</sup> The annual growth is a comparison against December 2024.

<sup>2</sup> Free liquidity is total liquidity excluding the minimum required reserves.

**Figure 1: Gross Foreign Reserve & Import Cover.**



**Exchange rates**

The Solomon Islands dollar (SBD) appreciated by 0.26% against the United States dollar, averaging at \$8.47 per USD. In contrast, the SBD depreciated against the Australian dollar and the New Zealand dollar by 0.86% to \$5.34 per AUD and 0.6% to \$4.81 per NZD, respectively. Meanwhile, the SBD strengthened against the British pound but weakened against both the Japanese yen and the euro. As a result of the mixed movements within the currency basket, the trade-weighted index (TWI) edged up by 0.24% to 115.2 points.

**III: GOVERNMENT FINANCE**

The government recorded a provisional operational deficit of \$20 million in February 2025, reversing the \$78 million surplus from the preceding month. This outcome was driven by higher expenditures and weaker revenue collections. Total expenditure surged by 23% to \$268 million, primarily due to elevated payments for goods and services. Meanwhile, total revenue declined by 16% to \$248 million, reflecting lower tax and non-tax receipts.

The government’s debt stock edged lower by 0.4% to \$3,203 million in February, mainly due to debt servicing. Domestic debt declined by 2% to \$1,153 million, while external debt increased marginally by 0.3% to \$2,050 million, reflecting exchange rate revaluations. Debt servicing totalled \$44 million, consisting of \$40 million in principal repayments and \$4 million in interest payments.

**IV: DOMESTIC ECONOMY**

The monthly production index fell by 34 points to a preliminary index of 104 in February, reflecting a downturn across all commodities. Logging output dropped by 20 points, agriculture cash crops by 8 points, mining by 6 points, and fishing recorded a marginal decline of 0.2 points. Specifically, round log production contracted by 29% to 138,530 cubic meters, while mineral output dropped by 27% to 5,575 equivalent unit of gold ounces. Similarly, palm oil

production fell by 24% to 2,051 tons, and coconut oil output dropped by 29% to 224 tons. In contrast, provisional figures for copra output saw a significant increase of 63% to 378 tons, and cocoa production more than doubled to 186 tons.

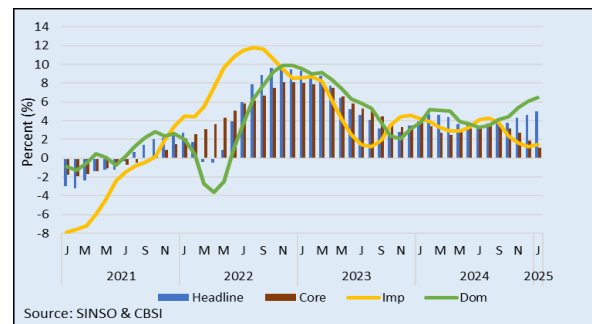
The commodity price index rose by 5 points to 100.6 in February, driven by stronger prices for key export commodities. Fish prices surged by 22% to US\$1,711 per ton, while gold prices increased by 7% to US\$2,895 per ounce. Round log prices edged up by 3% to US\$196 per cubic meter, while coconut oil and timber saw modest gains of 1%, rising to US\$1,990 per ton and US\$683 per cubic meter, respectively. However, cocoa prices dropped by 8% to US\$9,860 per ton, and palm oil prices fell slightly by 0.3% to US\$1,067 per ton.

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

The Consumer Price Index (CPI) slightly decrease to 130.2 in January 2025, down from 130.4 in December 2024 mainly due to lower prices of fruits, electricity, gas and solid fuels. These outweighed the increase in betel nut price and water supply charges.

Headline inflation rose to 5.0 % in January 2025, up from 4.6% in the previous month, driven by a 0.4 percentage points (pp) increase in domestic inflation to 6.5%. Likewise, imported inflation edged higher by 0.3 pp to 1.5%. Meanwhile, core inflation continued to ease in January 2025, falling by 0.8 pp to 1.1%.

**Figure 2: National Inflation (3mma)**



**CBSI Monthly Price Index (MPI)**

The CBSI MPI for selected consumption items fell to 118.5 points in February, down from 127.8 points in the previous month, mainly due to lower prices for betelnut and rice. Betelnut prices dropped by \$1.63 to \$2.38 per nut, while a 40lb bag of Solrice declined by \$1.40 to \$157. In contrast, household electricity tariffs increased by 11 cents to \$6.36 per kWh, and fuel prices rose by 22 cents to \$10.23 per litre. Additionally, the LP gas price went up from \$29.31 per kilogram (kg) to \$31.86 per kg during the review period.

<b>Solomon Islands Key Economic Indicators</b>		Sep-24	Oct-24	Nov-24	Dec-24	Jan-25	Feb-25
<b>Consumer Price Index (%)</b>	Headline (3mma)	4.0	3.8	4.3	4.6	5.0	n. a
	Underlying (3mma): core 3	3.6	3.2	2.7	1.9	1.1	n. a
	Headline (MoM)	0.4	-0.1	2.5	0.6	-0.2	n. a
<b>CBSI MPI (weighted Index)</b>	Month-on-Month	118	120	118	130	128	119
<b>Production Index</b>	Index	124	114	142	121	138	104
<b>Trade<sup>1</sup> (eop)</b>	Exports (\$ millions)	334	367	513	394	530	426
	Imports (\$ millions)	408	498	513	433	338	295
	Trade Balance (\$ millions)	-75	131	0	-39	192	131
<b>Exchange Rates</b> (Mid-rate, Monthly average)	SBD per USD	8.35	8.35	8.40	8.46	8.50	8.47
	SBD per AUD	5.65	5.61	5.49	5.37	5.29	5.34
	SBD per NZD	5.20	5.09	4.97	4.88	4.78	4.81
	SBD per GBP	11.03	10.91	10.72	10.70	10.63	10.61
	SBD per 100 JPY	5.83	5.58	5.47	5.52	5.43	5.58
	SBD per EUR	9.27	9.11	8.95	8.87	8.80	8.82
	SBD Currency Basket Index	113.1	113.4	114.1	114.9	115.4	115.2
<b>Gross Foreign Reserves (eop)</b>	\$ millions	5,586	5,566	5,572	5,781	5,840	5,898
<b>Liquidity<sup>2</sup> (eop)</b>	Free Liquidity (\$ millions)	2,485	2,591	2,582	2,673	2,534	2,782
<b>Money and Credit<sup>2</sup> (eop)</b>	Narrow Money, M1 (\$ millions)	4,906	4,938	5,039	5,066	5,075	5,283
	Broad Money, M3 (\$ millions)	5,876	5,918	6,011	6,067	6,054	6,227
	Private Sector Credit (\$ millions)	2,814	2,841	2,865	2,846	2,839	2,836
<b>Interest Rates</b> (Weighted average yield)	28-days Bokolo Bills rate (%)	0.29	0.30	0.34	0.35	0.32	0.35
	91-days Treasury Bills rate (%)	1.12	1.14	1.15	1.15	1.15	1.15
	182-days Treasury Bills rate (%)	2.41	2.4	2.41	2.41	2.41	2.40
	365-days Treasury Bills rate (%)	2.61	2.59	2.60	2.61	2.61	2.60
<b>Government Finance</b>	Revenue (\$ millions)	313	291	278.00	431	295	248
	Expenditure (\$ millions)	244	380	289.00	568	217	268
	Fiscal Balance (\$ millions)	69	-89	-11	-138	78	-20.3
	SIG Debt stock (eop) (\$ millions)	2,934	3,067	3,150	3,225	3,215	3,203
<b>Global Commodity Prices</b> (Monthly averages)	CBSI Commodity Price Index	91.4	92.7	93.1	97.6	96.1	100.6
	Round logs (US\$/m3)	208	199	194	193	190	196
	Gold (US\$/oz)	2,571	2,690	2,651	2,648	2,710	2,895
	Palm Oil (US\$/tonne)	983	1,077	1,169	1,190	1,070	1,067
	Fish (US\$/tonne)	1,342	1,311	1,245	1,660	1,405	1,711
	Coconut Oil (US\$/tonne)	1,736	1,728	1,879	1,973	1,978	1,990
	Cocoa (US\$/tonne)	6,520	6,660	7,890	10,320	10,750	9,860
	Timber (US\$/m3)	720	712	694	689	673	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.