

Monthly Economic Bulletin

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I. MONETARY DEVELOPMENTS

Money supply (M3) dropped slightly by 0.8% to \$6,177 million in March 2025, following a 2.8% increase in the previous month. The decrease was attributed to a 2% decline in Other deposits (time and savings) to \$925 million, and a 0.6% decline in narrow money (M1) to \$5,252 million.

Net foreign assets (NFA) of the banking system declined in March 2025 by 3% to \$5,339 million. This was driven by a significant decline in NFA of other depository corporations (ODCs) from \$111 million in February 2025 to minus \$56 million in March. On the other hand, the Central Banks's NFA increased by 0.3% to \$5,395 million in March 2025. NFA expanded by 0.2% on an annual basis¹.

Credit to private sector (PSC) contracted by 0.4% to \$2,824 million in March 2025. Meanwhile, net credit to government (NCG) expanded by 16% to minus \$701 million, reflecting the increase in government deposit in the banking system during the month. On an annual basis, PSC declined by 0.8% while NCG increased by 7%.

Free liquidity² in the banking system declined by 0.3% to \$2,773 million in March 2025. The decline was due to the fall in call account deposits held at the CBSI and the increase in NCG in the banking system. The minimum required reserve stood at \$317 million in March 2025.

Domestic Market Operations

The stock of the CBSI's Bokolo Bills remained capped at \$430 million in March 2025. The weighted average yield (WAY) for Bokolo bills decreased to 0.34% from 0.35% in the previous month. Meanwhile, Treasury bills (T-Bills) tendered during the month reached \$28 million whilst only \$19 million was accepted by CBSI. The T-bills WAY for 91, 182 and 365 days remained unchanged from the previous month at 1.15%, 2.40% and 2.60% respectively.

II. EXTERNAL CONDITIONS

The balance of trade in goods recorded a deficit of \$104 million in March 2025, against a \$39 million surplus witnessed in the previous month. This negative outcome stemmed from a 16% reduction in exports to \$357 million, combined with a 19% increase in imports to \$461 million during the month. The fall in exports was mainly driven by round logs, agricultural products, and other exports. Meanwhile, the rise in imports reflected upturns in food, machinery and basic manufactures.

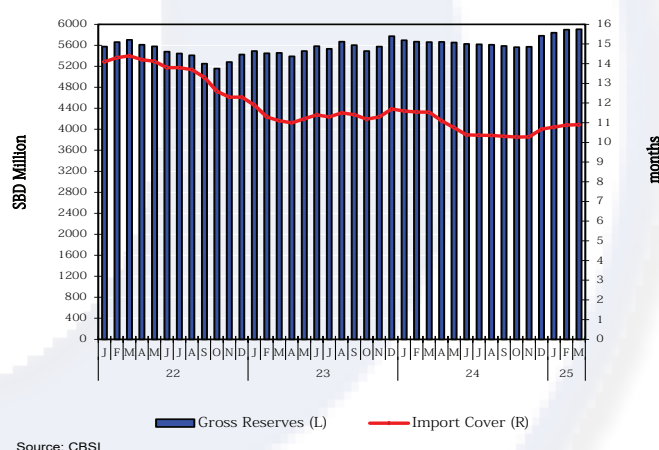
Remittances

The total inward remittances processed through money transfer operators during the month amounted to \$30 million, compared to the total outward payments of \$10 million. As a result, the net remittance posted a surplus of \$20 million in March.

Gross Foreign Reserves

Gross foreign reserves increased by 1% to \$5,906 million in March, owing to higher donor inflows. This level of reserves is sufficient to cover 10.9 months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



Source: CBSI

Exchange Rate

In terms of the exchange rate, the Solomon Islands dollar (SBD) appreciated against the United States dollar by 0.5% to an average of \$8.43 per USD. Similarly,

¹ The annual growth is a comparison against December 2024

² Free liquidity is total liquidity excluding the minimum required reserves

it appreciated against the Australian dollar by 0.5% to \$5.31 per AUD, but depreciated against the New Zealand dollar by 0.2% to \$4.82 per NZD. Likewise, the SBD weakened against the British pound, the Japanese yen, and the Euro. As a result of these mixed movements in the currency basket, the trade-weighted index (TWI) edged up by 4 basis points to 115.1 during the month.

II: GOVERNMENT FINANCE

The Government's operating balance recorded a provisional surplus of \$35 million in March 2025, a significant turnaround from \$20 million deficit posted in the previous month. This positive outcome was driven by an increase in revenue collection and lower government expenditure during the month. Total revenue increased by 14% to \$283 million, driven by higher collection in both tax and non-tax receipts. Meanwhile, total expenditure fell by 7% to \$249 million, mainly due to lower payments for goods and services.

The Government's debt balance declined by 1% to \$3,171 million at the end of March 2025 due to exchange rate movements and debt servicing. Accordingly, external debt decreased by 1.3% to \$2,023 million, while domestic debt fell slightly by 0.5% to \$1,148 million. Debt servicing amounted to \$34 million during the month, comprising \$27 million in principal repayments and \$7 million in interest charges.

V: DOMESTIC ECONOMY

The monthly production index rose by 7 points to a provisional index of 105 in March, driven by gains in fishing (2 points), mining (3 points), and agricultural cash crops (26 points), which offsets a sharp decline in forestry (-24 points). Actual mineral output increased by 20% to 6,683 equivalent ounces of gold, fish catch rose by 21% to 1,657 tons and coconut oil production more than doubled to 586 tons. These gains offset the sharp declines in round log, copra and cocoa production, falling by 49%, 23% and 63% to 74,426 cubic meters, 291 tons, and 69 tons, respectively.

The commodity price index increased by 2 points in March, reflecting higher prices of key export commodities. Coconut oil recorded a significant increase, rising by 14% to US\$2,277 per ton, fish price

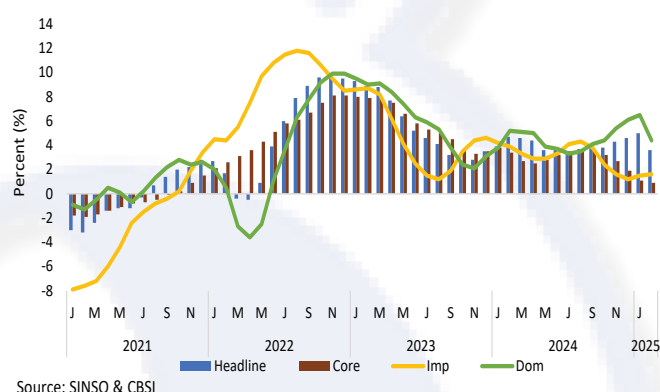
grew by 10% to US\$1,889 per ton, while gold and timber prices both increased by 3% to US\$2,983 per ounce and US\$704 per cubic meter, respectively. Likewise, price of round logs increased by 2% to US\$200 per cubic meter and palm oil edged up slightly by 0.2% to US\$1,069 per ton. In contrast, cocoa price further declined by 18% to US\$8,084 per ton.

Consumer Price Index, Inflation (YoY - 3mma)

The Consumer Price Index (CPI) declined slightly to 128.3 in February, from 130.2 recorded in January. This decline was driven by the fall in prices for fruits, wine, betel-nut and solid fuel, which more than offset increases in prices for vegetables, electricity, household utensils, recreational and cultural service.

Headline inflation eased to 3.6 % in February 2025, down from 5.0% in the previous month. This reflected the decline in domestic inflation by a 2.1 percentage points (pp) to 4.4% despite an uptick in imported inflation by 0.1pp to 1.6%. Core inflation also moderated, declining to 0.9% from 1.1% in January.

Figure 2: National Inflation (3mma)



CBSI Monthly Price Index (MPI)

The CBSI Monthly Price Index (MPI) for selected consumption items declined further, from 118.5 points to 114.5 points in March, mainly driven by lower prices for rice and betelnut. The price of a 40lb bag of Solrice decreased by \$2.60 to \$154.40, while the price of betelnut dropped by 63 cents to \$1.75 per nut. In contrast, household electricity tariffs rose by 20 cents to \$6.56 per kWh, and fuel prices increased by 4 cents to \$10.27 per litre. Meanwhile, the price of LP gas remained unchanged at \$31.86 per kilogram during the review period.

Solomon Islands Key Economic Indicators

		Oct 24	Nov 24	Dec 24	Jan 25	Feb 25	Mar 25
Consumer price index (%)	Headline inflation (3mma)	3.8	4.3	4.6	5.0	3.6	n.a
	Underlying inflation (3mma): core 3	3.2	2.7	1.9	1.1	0.9	n.a
	Headline inflation(MoM)	-0.1	2.5	0.6	-0.2	-1.4	n.a
CBSI Monthly Price Index	Weighted Index	120	118	126	128	119	115
Production Index	Index	114	142	121	144	98	105
Trade ¹ (eop)	Exports (\$ millions)	367	513	394	498	426	357
	Imports (\$ millions)	498	513	433	338	295	461
	Trade Balance (\$ millions)	131	0	-39	160	131	-104
Exchange Rates (Mid-rate, Monthly average)	SBD per USD	8.35	8.40	8.46	8.50	8.47	8.43
	SBD per AUD	5.61	5.49	5.37	5.29	5.34	5.31
	SBD per NZD	5.09	4.97	4.88	4.78	4.81	4.82
	SBD per GBP	10.91	10.72	10.70	10.63	10.61	10.87
	SBD per 100 JPY	5.58	5.47	5.52	5.43	5.58	5.65
	SBD per EUR	9.11	8.95	8.87	8.80	8.82	9.08
	SBD Currency Basket Index	113.4	114.1	114.9	115.4	115.2	115.1
Gross Foreign Reserves(eop)	\$ milions	5,566	5,572	5,781	5,840	5,898	5,906
Liquidity ² (eop)	Free Liquidity (\$ millions)	2,591	2,582	2,673	2,534	2,782	2,773
Money and credit ² (eop)	Narrow Money, M1 (\$ millions)	4,938	5,039	5,067	5,075	5,283	5,252
	Broad Money, M3 (\$ millions)	5,918	6,011	6,067	6,054	6,227	6,177
	Private Sector credit (\$ millions)	2,841	2,865	2,846	2,839	2,836	2,824
Interest Rates (weighted average yield)	28-days Bokolo Bills rate (%)	0.30	0.34	0.35	0.32	0.35	0.34
	91- days Treasury Bills rate (%)	1.14	1.15	1.15	1.15	1.15	1.15
	182-days Treasury Bills rate (%)	2.40	2.41	2.41	2.41	2.40	2.40
	365-days Treasury Bills rate (%)	2.59	2.60	2.61	2.61	2.60	2.60
Government Finance	Revenue (\$ millions)	291	278	431	295	248	283
	Expenditure (\$ millions)	380	289	568	217	268	249
	Fiscal Balance (\$ millions)	-89	-11	-138	78	-20	35
	SIG Debt stock (eop) (\$ millions)	3,067	3,150	3,225	3,215	3,203	3,171
Global Commodity Prices (monthly averages)	CBSI Commodity Price Index	92.7	93.8	95.9	96.1	100.6	102.6
	Round logs - (US\$/m3)	199	194	193	190	196	200
	Gold - (US\$/oz)	2,690	2,651	2,648	2,710	2,895	2,983
	Palm Oil - (US\$/tonne)	1,077	1,169	1,190	1,070	1,067	1,069
	Fish - (US\$/tonne)	1,311	1,355	1,346	1,346	1,711	1,889
	Coconut oil - (US\$/tonne)	1,728	1,879	1,973	2,002	1,990	2,277
	Cocoa - (US\$/tonne)	6,660	7,890	10,320	10,750	9,860	8,084
	Timber - (US\$/m3)	712	694	689	673	683	704

¹ Value in terms of free on Board (FOB)

² Based on weekly statistics provided by other depository corporations (ODCs).

Note;
na : not available at the time of publication.