

Monthly Economic Bulletin

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I. MONETARY DEVELOPMENTS

Money supply (M3) rose by 3% in May 2025 to \$6,373 million, reversing a 0.3% contraction in April. The expansion was driven by a 4% growth in narrow money (M1) to \$5,425 million from \$5,214 million in the preceding month. Other deposits (time and savings) edged up by 0.2% to \$948 million during the month.

Net foreign assets (NFA) of the banking system fell by 0.2% in May 2025 to \$5,469 million, following a 3% increase in April 2025. The contraction was mainly driven by a 0.6% fall in the Central Bank's NFA to \$5,413 million. NFA of other depository corporations (ODCs) expanded to \$57 million in May from \$33 million in April. On an annual basis¹, NFA increased by 3%.

Credit to private sector (PSC) expanded by 2% to \$2,849 million in May, rebounding from a 0.7% reduction in the previous month. Net credit to government (NCG) fell by 18% to \$512 million, reflecting the drawdown of government deposits from the banking system during the month. On an annual basis, PSC grew marginally by 0.1% whilst NCG fell by 22%.

Free liquidity² in the banking system grew by 3% to \$2,750 million in May 2025. The uptick was due to the increase in the Commercial Banks' call account deposits held at the CBSI. Meanwhile, the minimum required reserve reached \$318 million in May.

Domestic Market Operations

The stock of the CBSI's Bokolo Bills remained capped at \$430 million during the month. The weighted average yield (WAY) for Bokolo bills increased to 0.39% compared to 0.36% in the previous month. Meanwhile, total Treasury bills (T-Bills) tendered during the month amounted to \$38 million, of which only \$24 million was accepted by CBSI. The T-bills WAY for 91 days and 365 days remained unchanged at 1.15% and 2.60%, respectively, as in the previous month, whilst the WAY for 182 days declined slightly to 2.39%, down from 2.40% in April.

¹ The annual growth is a comparison against December 2024

² Free liquidity is total liquidity excluding the minimum required reserves

II. EXTERNAL CONDITIONS

Trade in goods

The balance of trade in goods recorded a significant improvement in May 2025, posting a surplus of \$98 million, compared to a deficit of \$301 million in April. This turnaround was driven by a substantial increase in exports by 63% to \$534 million, combined with a 31% decline in imports to \$436 million during the month. The strong export performance was primarily attributed to higher shipments of minerals, round logs, and agricultural commodities. Meanwhile, the contraction in imports reflected the lower payments for fuel, machinery, food, and other basic manufactures.

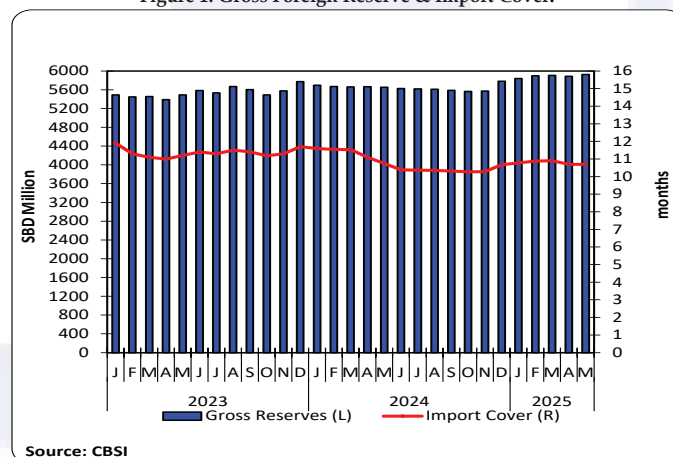
Remittances

Remittance inflows processed through money transfer operators amounted to \$33 million in May, while outflows totalled \$27 million, resulting in a net surplus of \$7 million. This represents a moderation from the revised net surplus of \$12 million in April.

Gross Foreign Reserves

Gross foreign reserves increased slightly by 1% to \$5,925 million, supported by higher trade receipts during the month. This level of reserves is sufficient to cover 10.7 months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



Source: CBSI

Exchange Rate

The Solomon Islands dollar (SBD) depreciated marginally by 0.02% against the United States dollar in May 2025, averaging \$8.35 per USD. It also depreciated against the Australian dollar by 2.4% to \$5.38 per AUD and against the New Zealand dollar by 2.0% to \$4.96 per

NZD. Likewise, the SBD weakened against the British pound, Japanese Yen, and the Euro during the month. As a result of the weak performance of the SBD in the currency basket, the trade-weighted index (TWI) strengthened by 0.5% to 114.4 points.

II: GOVERNMENT FINANCE

The fiscal position deteriorated in May 2025, with the overall fiscal deficit widening to \$87 million, compared to \$30 million in April. This outcome reflected continued expenditure pressures amid a sharp decline in revenue collection. Total revenue collections fell by 20% to \$254 million, driven by subdued performance across all major revenue categories. On the expenditure side, total spending declined marginally by 2% to \$342 million. This was largely due to reductions in payroll and interest payments, which outweighed higher spending on goods and services.

The central government's total debt stock grew by 3% to \$3,362 million in May 2025. The increase was primarily driven by a 4% rise in domestic debt, which reached \$1,202 million. This reflected higher issuance of treasury bills in the primary market, an additional bond issuance in the secondary market, and the short-term borrowing under the Temporary Advanced Facility during the month. Likewise, external debt grew by 2% to \$2,160 million, reflecting the additional loan disbursement by the World Bank, combined with the depreciation of Solomon Islands dollar (SBD) against the major debt-denominated currencies. Meanwhile, debt servicing totaled \$41 million in May 2025, consisting of \$35 million in principal repayments and \$6 million on interest charges.

V: DOMESTIC ECONOMY

The preliminary monthly production index recorded a significant increase in May, rising by 40 points to 143 index points. This strong performance was largely driven by notable gains in logging (+16 points), mining (+4 points), and agricultural cash crops, particularly palm oil, copra, cocoa, and coconut oil, which collectively contributed 21 points to the overall index. These increases more than offset a marginal decline in the fishing sector (-1 point). In terms of actual output, round log production surged by 44% to 151,279 cubic meters, while mineral output increased by 17% to 9,521 equivalent ounces of gold. Palm oil, copra, cocoa and coconut oil production also rebounded strongly during the month, rising by 38% to 2,572 tons, 34% to 546 tons, 75% to 328 tons, and 71% to 569 tons, respectively. In contrast, fish catch declined by 7% to 1,657 tons.

The commodity price index increased by 1 point to 106.2 in May, supported by higher prices for major export commodities. Notably, cocoa and coconut oil prices each rose by 10% over the month, reaching US\$8,990 per ton and US\$2,742 per ton, respectively.

Likewise, gold price rose by 3% to US\$3,309 per ounce, while timber price edged up by 2% to US\$728 per cubic meter. Conversely, fish price fell by 11% to US\$1,469 per ton, palm oil declined by 9% to US\$908 per ton, and round logs dropped slightly by 0.4% to US\$206 per cubic meter during the month.

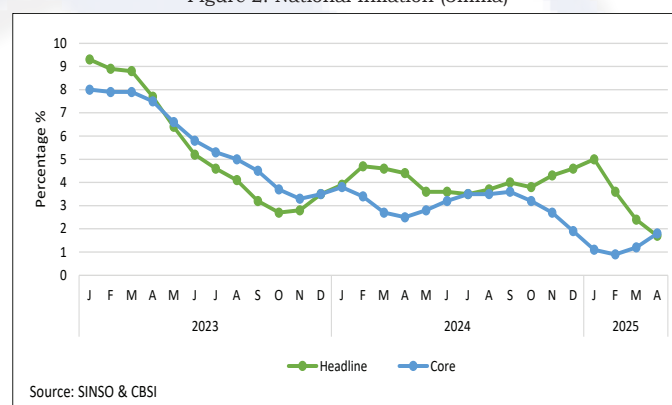
National Consumer Price Index, Inflation (MoM)

The National Consumer Price Index (NCPI) declined further by 0.6% to 126.4 points in April 2025 from 127.1 points recorded in March. This outcome was primarily driven by a notable decrease in the expenditure category for Alcoholic beverages, Tobacco and narcotics (ABTN), particularly from declines in the Tobacco and Narcotics sub-indices. These reductions more than offset price increases observed in housing, water, electricity, gas and other fuels, as well as in food and non-alcoholic beverages – most notably in meat, bread and cereals, vegetables and fruits.

Headline Inflation (YoY – 3mma)

Headline inflation also eased to 1.7% in April, down from 2.4% in March. The moderation was mainly due to a decline in domestic inflation, which fell by 1 percentage point (pp) to 1.7%. Imported inflation remained unchanged at 1.7% over the same period. Meanwhile, core inflation was revised upward to 1.2% in March³ and rose further to 1.8% in April, indicating the underlying inflationary pressures in the domestic economy.

Figure 2: National Inflation (3mma)



CBSI Monthly Price Index (MPI)

The CBSI Monthly Price Index (MPI) for selected consumption items declined from 116.4 points in April to 110.9 points in May, reflecting a broad-based reduction in consumer prices, particularly across monitored items. Specifically, the price of a 40lb bag of Solrice fell by \$2.65 to \$152.60, the average retail price of fuel went down by 85 cents to \$9.23 per litre, while the price of liquefied petroleum (LP) gas dropped by 35 cents to \$31.51 per kilogram. In addition, household electricity tariffs fell by 31 cents to \$6.78 per kilowatt-hour, whilst the average price of betel nut declined by 13 cents to \$1.75 per nut.

³ Core inflation figure previously reported by SINSO for March 2025 was 0.9%. This figure was revised up to 1.2% based on SINSO NCPI publication in April 2025.

Solomon Islands Key Economic Indicators

		Dec 24	Jan 25	Feb 25	Mar 25	Apr 25	May 25
Consumer price index (%)	Headline inflation (3mma, YoY)	4.6	5.0	3.6	2.4	1.7	n.a
	Underlying inflation (3mma, YoY): core 3	1.9	1.1	0.9	1.2	1.8	n.a
	Headline inflation (MoM)	0.6	-0.2	-1.4	-0.9	-0.6	n.a
CBSI Monthly Price Index	Weighted Index	130	128	119	114	116	111
Production Index	Index	121	149	111	98	102	143
Trade ¹	Exports (\$ millions)	394	498	426	357	327	534
	Imports (\$ millions)	433	338	295	461	628	436
	Trade Balance (\$ millions)	-39	160	131	-104	-301	98
Exchange Rates (Mid-rate, Monthly average)	SBD per USD	8.46	8.50	8.47	8.43	8.35	8.35
	SBD per AUD	5.37	5.29	5.34	5.31	5.25	5.38
	SBD per NZD	4.88	4.78	4.81	4.82	4.86	4.96
	SBD per GBP	10.70	10.63	10.61	10.87	10.89	11.16
	SBD per 100 JPY	5.52	5.43	5.58	5.65	5.51	5.78
	SBD per EUR	8.87	8.80	8.82	9.08	9.19	9.42
	SBD Currency Basket Index	114.9	115.4	115.2	115.1	115.0	114.4
Gross Foreign Reserves(eop)	\$ milions	5,781	5,840	5,898	5,906	5,885	5,925
Import Cover	Months	10.7	10.8	10.9	10.9	10.7	10.7
Liquidity ² (eop)	Free Liquidity (\$ millions)	2,673	2,534	2,782	2,773	2,665	2,750
Money and credit ² (eop)	Narrow Money, M1 (\$ millions)	5,067	5,075	5,283	5,252	5,214	5,425
	Broad Money, M3 (\$ millions)	6,067	6,054	6,227	6,177	6,161	6,373
	Private Sector credit (\$ millions)	2,846	2,839	2,836	2,824	2,805	2,849
Interest Rates (weighted average yield)	28-days Bokolo Bills rate (%)	0.35	0.32	0.35	0.34	0.36	0.39
	91- days Treasury Bills rate (%)	1.15	1.15	1.15	1.15	1.15	1.15
	182-days Treasury Bills rate (%)	2.41	2.41	2.40	2.40	2.40	2.39
	365-days Treasury Bills rate (%)	2.61	2.61	2.60	2.60	2.60	2.60
Government Finance	Revenue (\$ millions)	431	295	248	283	319	254
	Expenditure (\$ millions)	568	217	268	249	349	341
	Fiscal Balance (\$ millions)	-138	78	-20	35	-30	-87
	SIG Debt stock (eop) (\$ millions)	3,225	3,215	3,203	3,171	3,273	3,362
Global Commodity Prices (monthly averages)	CBSI Commodity Price Index	97.6	96.1	100.6	101.3	105.5	106.2
	Round logs - (US\$/m3)	193	190	196	200	207	206
	Gold - (US\$/oz)	2,648	2,710	2,895	2,983	3,218	3,309
	Palm Oil - (US\$/tonne)	1,190	1,070	1,067	1,068	994	908
	Fish - (US\$/tonne)	1,346	1,346	1,711	1,649	1,649	1,469
	Coconut oil - (US\$/tonne)	1,973	1,978	1,990	2,356	2,483	2,712
	Cocoa - (US\$/tonne)	10,320	10,750	9,860	8,080	8,150	8,990
	Timber - (US\$/m3)	689	673	683	704	717	728

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.