

## Monthly Economic Bulletin

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### I. MONETARY DEVELOPMENTS

Money supply (M3) rose by 2% in June 2025 to \$6,531 million, from a 3% growth in May. The expansion reflected a 3% growth in narrow money (M1) to \$5,577 million from \$5,425 million in the preceding month. In addition, other deposits (time and savings) edged up by 0.6% to \$954 million during the month.

Net foreign assets (NFA) of the banking system increased by 4% in June 2025 to \$5,700 million, reversing the 0.2% decline recorded in May. The growth was mainly due to a 4% increase in the Central Bank's NFA to \$5,618 million. Likewise, NFA of other depository corporations (ODCs) rose to \$82 million in June, up from \$57 million in the prior month. On an annual basis<sup>1</sup>, NFA increased by 7%.

Credit to private sector (PSC) contracted by 0.3% to \$2,842 million in June, following a 2% increase in the previous month. Net credit to government (NCG) expanded by 7% to \$548 million, reflecting the accumulation in government deposits in the banking system during the month. On an annual basis, both PSC and NCG declined by 0.2% and 16%, respectively.

Free liquidity<sup>2</sup> in the banking system grew slightly by 1% to \$2,788 million in June 2025. The uptick mirrored the increase in the Commercial Banks' call account deposits held at the CBSI. Meanwhile, the minimum required reserve stood at \$325 million in June, 2.3% higher than the previous month.

#### 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 slid to 0.38%, from 0.39% in the previous month. Meanwhile, total Treasury bills (T-Bills) tendered during the month amounted to \$38 million, of which \$32 million was accepted by CBSI. The T-bills WAY for 91 days, 182 days and 365 days remained unchanged at 1.15%, 2.39% and 2.60% respectively, as in the previous month.

### II. EXTERNAL CONDITIONS

#### Trade in Goods

The balance of trade in goods narrowed markedly to a surplus of \$2 million in June 2025 from the revised \$135 million surplus recorded in May. This outcome reflected a 31% decline in exports to \$395 million, along with a 10% decrease in imports to \$393 million. The sizeable contraction in exports stemmed mainly from reductions in round logs, minerals, fish, and agricultural exports. Similarly, the decrease in imports was mostly driven by declines in food, basic manufactures, and other import categories.

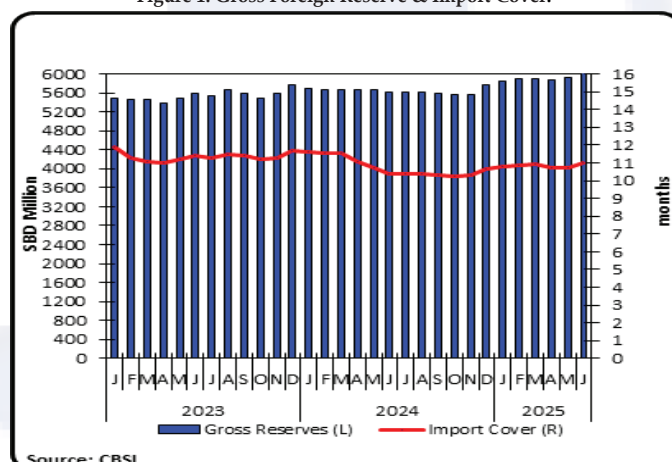
#### Remittances

The total inward remittances processed through money transfer operators during the month amounted to \$32 million, compared to the total outward payments of \$22 million. As a result, the net remittance posted a surplus of \$9 million in June.

#### Gross Foreign Reserves

Gross foreign reserves increased by 2% to \$6,054 million in June, reflecting higher inflows than outflows during the month. This level of reserves is sufficient to cover 11 months of imports of goods and services, indicating a strong external position.

Figure 1: Gross Foreign Reserve & Import Cover.



#### Exchange Rate

In June 2025, the Solomon Islands dollar (SBD) remained stable against the United States dollar at \$8.35 per USD for the third consecutive month. In contrast, the SBD depreciated against the Australian

<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

dollar and the New Zealand dollar by 0.86% to \$5.42 per AUD and 1.46% to \$5.03 per NZD, respectively. Meanwhile, the SBD also weakened against the British pound but appreciated against both the Japanese yen and the Euro. As a result of these mixed movements within the currency basket, the trade-weighted index (TWI) strengthened by 0.22% to 114.2 points during the month.

## II: GOVERNMENT FINANCE

The government recorded a provisional operating surplus of \$1 million in June 2025, reversing the \$87 million deficit posted in the previous month. This slight improvement was primarily driven by strong revenue collections combined with a reduction in government expenditure during the month. Total revenue during the month surged by 27% to \$324 million, mainly driven by higher tax receipts from Inland Revenue (IRD) and an increase in nontax-revenue from “other ministries”. In contrast, total expenditure fell by 5% to \$323 million, due to lower payments for goods and services.

Meanwhile, the government’s debt stock rose by 12% to \$3,753 million at the end of June 2025, reflecting an increase in the external debt balance. External debt expanded by 19% to \$2,560 million due to additional disbursements from the Asian Development Bank (ADB), World Bank (WB), and Exim Korea. On the other hand, domestic debt edged lower by 1% to \$1,193 million, attributed to debt repayments. Debt servicing in June amounted to \$54 million, comprising \$44 million in principal repayments and \$10 million in interest payments.

## V: DOMESTIC ECONOMY

The preliminary Monthly Production Index for June showed a sharp decline of 75 points to 76 points. This negative outcome was driven by declines across all major commodities. Logging activity fell significantly by 54 points, while agricultural cash crops, especially palm oil, copra, and coconut oil, dropped by 16 points. The fishing sector contracted by 2 points, whilst the mining sector fell by 3 points. Regarding actual output, preliminary data indicate that production of palm oil, copra, and coconut oil declined, whilst cocoa output increased during the month. Fish catch dropped by 18% to 1,364 tons, round log production plunged by 90% to 18,230 cubic meters, and mineral output declined by 10% to 8,537 gold equivalent ounces.

The commodity price index declined slightly to 106.1 points in June from 106.2 points in May, driven by weaker prices for major commodities. Notably, the price of cocoa fell by 7% to US\$8,400 per ton. Coconut oil prices edged down slightly to US\$2,766 per ton from US\$2,767 per ton while fish price declined by 5% to US\$1,403 per ton. In contrast, palm oil prices rose by 3% to US\$935 per ton. Round log prices increased marginally by 0.1% to US\$206 per ton, while both

timber and gold prices rose by 1% each to US\$739 per cubic meter and US\$3,353 per ounce, respectively.

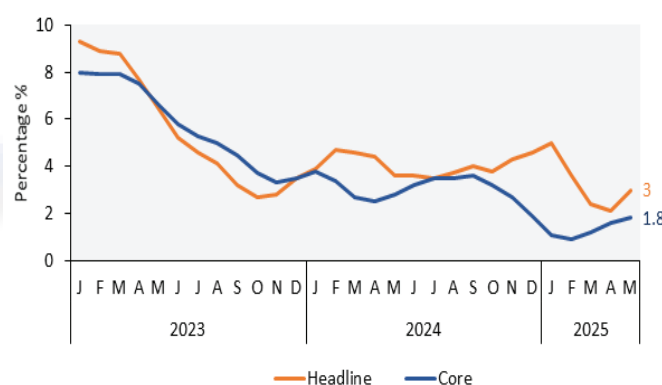
### National Consumer Price Index, Inflation (MoM)

The National Consumer Price Index (NCPI) rose to 128.4 points in May, up from 128.0 points in April. This outcome was largely driven by an increase in the food and non-alcoholic beverages category – particularly fruits and vegetables and in housing and utilities, reflecting an increase in electricity, gas, and other fuels. In contrast, the Alcoholic Beverages, Tobacco, and Narcotics (ABTN) category declined compared to the previous month, mainly due to a notable drop in betel nut prices.

### Headline Inflation (YoY - 3mma)

Headline inflation rose to 3.0%<sup>1</sup> in May, up from 2.1% in April. The rise was mainly attributed to domestic inflation, which increased to 3.7%<sup>2</sup> from 2.3% in the previous month. Conversely, imported inflation eased to 1.4% in May, down from 1.5% in April. Meanwhile, core inflation edged up to 1.8%<sup>3</sup> in May, from 1.6% in the prior month.

Figure 2: National Inflation (3mma)



Source: SINSO & CBSI

### CBSI Monthly Price Index (MPI)

The CBSI Monthly Price Index (MPI) for selected consumption items declined from 110.9 points in May to 102.7 points in June, reflecting a broad-based reduction in prices across major items monitored. This outcome was driven by a notable drop in the price of a 40 lb bag of Solrice, falling by \$4.00 to \$148.60. Similarly, the average price of betelnut declined by \$1.03 to 72 cents per betelnut, household electricity tariffs fell by 28 cents to \$6.50 per kilowatt-hour, while the price of liquefied petroleum (LP) gas stabilized at \$31.51 per kilogram. Conversely, the average retail price of fuel edged up by 12 cents to \$9.35 per litre.

<sup>1</sup> Headline inflation in April was revised upward to 2.1%, from 1.7% as initially reported in the April release.

<sup>2</sup> Domestic inflation for April was revised upward from the previously reported 1.7%, while imported inflation was revised downward from 1.7% to 1.5%.

<sup>3</sup> Core inflation for April was also revised downward from the earlier estimate of 1.8% to 1.6%.

## Solomon Islands Key Economic Indicators

		Jan 25	Feb 25	Mar 25	Apr 25	May 25	Jun 25
Consumer price index (%)	Headline inflation (3mma, YoY)	5.0	3.6	2.4	2.1	3.0	n.a
	Underlying inflation (3mma, YoY): core 3	1.1	0.9	1.2	1.6	1.8	n.a
	Headline inflation (MoM)	-0.2	-1.4	-0.9	0.7	0.4	n.a
CBSI Monthly Price Index	Weighted Index	128	119	114	116	111	103
Production Index	Index	149	111	98	106	150	76
Trade <sup>1</sup>	Exports ( \$ millions)	458	447	387	429	572	395
	Imports ( \$ millions)	424	363	486	522	436	393
	Trade Balance ( \$ millions)	34	84	-100	-93	135	2
Exchange Rates (Mid-rate, Monthly average)	SBD per USD	8.50	8.47	8.43	8.35	8.35	8.35
	SBD per AUD	5.29	5.34	5.31	5.25	5.38	5.42
	SBD per NZD	4.78	4.81	4.82	4.86	4.96	5.03
	SBD per GBP	10.63	10.61	10.87	10.89	11.16	11.32
	SBD per 100 JPY	5.43	5.58	5.65	5.51	5.78	5.78
	SBD per EUR	8.80	8.82	9.08	9.19	9.42	9.38
	SBD Currency Basket Index	115.4	115.2	115.1	115.0	114.4	114.2
Gross Foreign Reserves( eop)	\$ milions	5,840	5,898	5,906	5,885	5,925	6,054
Import Cover	Months	10.8	10.9	10.9	10.7	10.7	11.0
Liquidity <sup>2</sup> (eop)	Free Liquidity ( \$ millions)	2,534	2,782	2,773	2,665	2,750	2,788
Money and credit <sup>2</sup> (eop)	Narrow Money, M1 ( \$ millions)	5,075	5,283	5,252	5,214	5,425	5,577
	Broad Money, M3 ( \$ millions)	6,054	6,227	6,177	6,161	6,373	6,531
	Private Sector credit ( \$ millions)	2,839	2,836	2,824	2,805	2,849	2,842
Interest Rates ( weighted average yield)	28-days Bokolo Bills rate (%)	0.32	0.35	0.34	0.36	0.39	0.38
	91- days Treasury Bills rate (%)	1.15	1.15	1.15	1.15	1.15	1.15
	182-days Treasury Bills rate (%)	2.41	2.40	2.40	2.40	2.39	2.39
	365-days Treasury Bills rate (%)	2.61	2.60	2.60	2.60	2.60	2.60
Government Finance	Revenue ( \$ millions)	295	248	283	319	254	324
	Expenditure ( \$ millions)	217	268	249	349	341	323
	Fiscal Balance ( \$ millions)	78	-20	35	-30	-87	1
	SIG Debt stock (eop) ( \$ millions)	3,215	3,203	3,171	3,273	3,362	3,753
Global Commodity Prices ( monthly averages)	CBSI Commodity Price Index	96.1	100.6	101.3	105.5	106.2	106.1
	Round logs - (US\$/m3)	190	196	200	207	206	206
	Gold - (US\$/oz)	2,710	2,895	2,983	3,218	3,309	3,353
	Palm Oil - (US\$/tonne)	1,070	1,067	1,068	994	908	935
	Fish - (US\$/tonne)	1,346	1,711	1,649	1,649	1,469	1,403
	Coconut oil - (US\$/tonne)	1,978	1,990	2,356	2,483	2,767	2,766
	Cocoa - (US\$/tonne)	10,750	9,860	8,080	8,150	8,990	8,400
	Timber - (US\$/m3)	673	683	704	717	728	739

<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 the time of publication.