

Monthly Economic Bulletin

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I. MONETARY DEVELOPMENTS

Money supply (M3) increased by 2% in August 2025 to \$6,659 million, following a modest 0.2% rise in July. The expansion was driven by a 2% growth in narrow money (M1) to \$5,726 million, up from \$5,621 million in the previous month. Other deposits (time and savings) rose slightly by 1% to \$933 million during the month.

Net foreign assets (NFA) of the banking system expanded by 2% in August 2025 to \$5,835 million, following a 1% increase in July 2025. The increase was driven by a 2% growth in the Central Bank's NFA to \$5,790 million. NFA of other depository corporations (ODCs) contracted to \$46 million in August from \$53 million in July. On an annual basis¹, NFA increased by 10%.

Credit to the private sector (PSC) declined by 1% to \$2,867 million in August, contrasting with a 2% growth in the previous month. Net credit to government (NCG), however, increased by 5% to minus \$573 million, reflecting an expansion in government deposits in the banking system during the month. On an annual basis, PSC rose marginally by 1% whilst NCG fell by 12%.

Free liquidity² in the banking system grew by 1% to \$2,855 million in August 2025. The uptick reflected the growth in NFA and the increase in Commercial Banks' call account deposits held at the CBSI. Meanwhile, the minimum required reserve was maintained at \$330 million in August, as in the previous month.

Domestic Market Operations

The CBSI's Bokolo Bills subscription reached \$420 million during the month, falling \$10 million short of the subscription ceiling. The weighted average yield (WAY) for Bokolo Bills increased marginally to 0.40% from 0.39% in the previous month. Meanwhile, total Treasury bills (T-Bills) tendered during the month amounted to \$73 million, of which only \$40 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 2.59% respectively, as in the previous month.

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 trade in goods deficit widened to \$136 million in August 2025, from \$30 million in July. The deterioration was driven by a sharper decline in exports, which fell by 38% to \$368 million, compared with a 19% fall in imports to \$504 million during the month. The contraction in exports reflected weaker exports across major categories including fish, minerals, agriculture and other exports, which partly offset by higher round logs exports. The decline in imports was mainly due to lower payments for fuel, minerals, and other imports during the period.

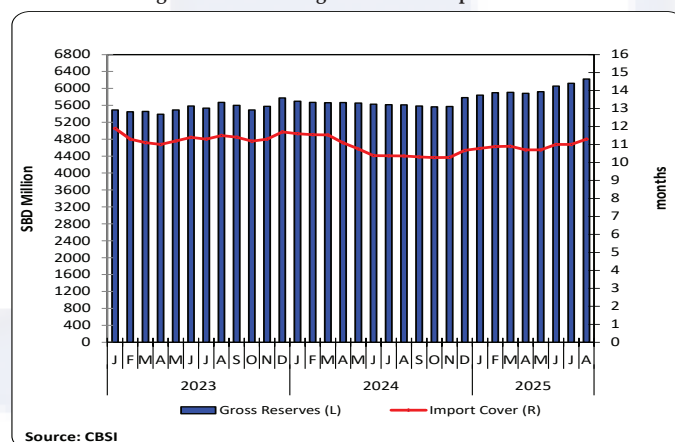
Remittances

In August 2025, the total inward remittances processed through money transfer operators amounted to \$33 million, while outward remittances stood at \$23 million. Consequently, the net remittance positions recorded a surplus of \$10 million, compared to a revised surplus of \$8 million registered in the previous month.

Gross Foreign Reserves

Gross foreign reserves increased slightly by 2% to \$6,224 million, reflecting higher inflows than outflows during the month. This level of reserves is sufficient to cover 11.3 months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



Source: CBSI

Exchange Rate

In August 2025, the Solomon Islands dollar (SBD) strengthened by 0.65% against the United States dollar (USD) to an average of \$8.25 per USD. Similarly, the SBD strengthened against the Australian dollar (AUD) and

New Zealand dollar (NZD) by 1.46% to \$5.36 per AUD and 2.37% to \$4.87 per NZD, respectively. However, the SBD weakened against the British pound and Euro while appreciating against the Japanese Yen during the month. As a result of the strong performance of the SBD within the currency basket, the trade-weighted index (TWI) grew by 0.1% to 112.1 points.

II: GOVERNMENT FINANCE

The Government recorded an operating surplus of \$3 million in August 2025, compared with a deficit of \$82 million deficit in July. The improvement was mainly attributable to lower expenditure, which fell by 34% to \$259 million, reflecting reduced spending on payroll and goods and services. Revenue also declined, falling by 16% to \$262 million, largely due to lower tax receipts.

The Government's debt stock increased marginally by 0.3% to \$3,761 million at the end of August, driven by additional loan disbursements from the World Bank and the issuance of auction treasury bills. Accordingly, external debt rose by 0.4% to \$2,478 million, while domestic debt increased slightly by 0.1% to \$1,283 million. Debt servicing during the month amounted to \$68 million, comprising \$61 million in principal repayments and \$7 million in interest payments.

V: DOMESTIC ECONOMY

The preliminary Monthly Production Index declined to 119 points in August 2025 from 122 points in the previous month. The weaker outcome reflected lower outturns in mining (-17 points) and fishing (0.2 points). Actual production showed that mineral output contracted sharply by 61% to 3,483 gold-equivalent ounces, while fish catch fell by 2% to 2,215 tons. In contrast, round log production rose further, increasing by 46% to 132,595 cubic meters, up from 90,064 cubic meters in July. Agricultural production also strengthened with cocoa rising by 5% to 497 tons, coconut oil by 4% to 583 tons, and copra by 1% to 400 tons. Meanwhile, palm oil declined significantly by 23% to 1,710 tons.

The commodity price index rose to 106.3 points in August from 105.3 in July, reflecting higher prices for several commodities. Palm oil prices increased by 5% to US\$1,026 per ton, cocoa prices by 3% to US\$7,602 per ton, and gold prices by 0.8% to US\$3,368 per ounce. Conversely, round log prices fell by 1% to US\$202 per cubic meter, while timber prices declined by 0.5% to US\$733, respectively. Fish prices remained unchanged at US\$1,422 per ton.

National Consumer Price Index, Inflation (MoM)

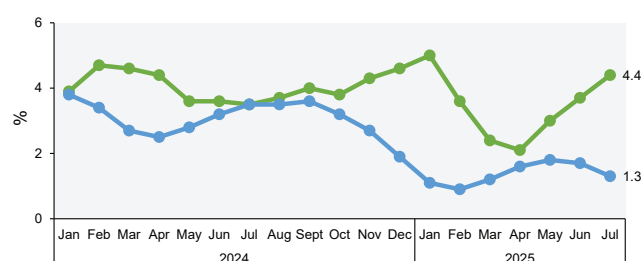
The National Consumer Price Index (NCPI) rose to 131.8 points in July, up from 129.5 points in June. The

increase was primarily driven by alcoholic beverages, tobacco, and narcotics (ABTN) and food categories, mainly betel-nut, vegetables, fruits and cereals. In contrast, the housing and utilities category declined by 1.6 points compared to the previous month, mainly due to lower electricity, and gas and other fuels.

Headline Inflation (YoY - 3mma)

Headline inflation rose to 4.4% in July, up from 3.7% in June. The increase was largely driven by higher domestic inflation, which accelerated to 6.0% from 4.4% in the previous month. By contrast, imported inflation continued to moderate, easing to 0.8% in July from 1.3% in June. Core inflation also declined, falling to 1.3% from 1.7% in the previous month, reflecting subdued underlying demand pressures and softening price momentum in non-volatile components.

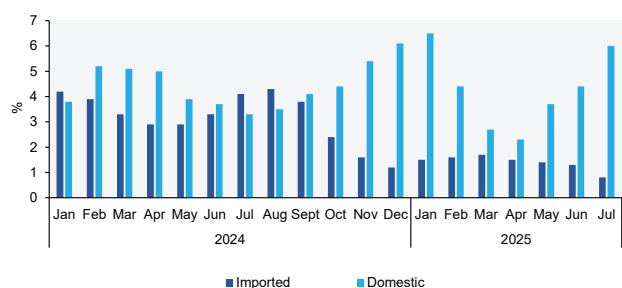
Figure 1: Headline and Core inflation



Source: SINSO & CBSI

Headline Core

Figure 2: Domestic and Imported inflation



Source: SINSO & CBSI

Imported Domestic

CBSI Monthly Price Index (MPI)

The CBSI Monthly Price Index (MPI) for selected consumption items fell to 103.5 points in August, from 104 points in July, driven by lower rice and betel nut prices. The average price of a 40lb bag of Solrice declined by \$1.40 to \$147.20, while the average price of betel nut declined by 30 cents to 83 cents per nut. In contrast, fuel prices rose by 45 cents to \$9.71 per litre, and household electricity tariffs increased by 10 cents to \$6.20 per kilowatt-hour. Liquefied petroleum (LP) gas prices remained unchanged at \$31.50 per kilogram.

Solomon Islands Key Economic Indicators

		Mar 25	Apr 25	May 25	Jun 25	Jul 25	Aug 25
Consumer price index (%)	Headline inflation (3mma, YoY)	2.4	2.1	3.0	3.7	4.4	n.a
	Underlying inflation (3mma, YoY): core 3	1.2	1.6	1.8	1.7	1.3	n.a
	Headline inflation (MoM)	-0.9	0.7	0.3	0.9	1.8	n.a
CBSI Monthly Price Index	Weighted Index	114	116	111	103	104	103
Production Index	Index	98	106	150	74	122	119
Trade ¹	Exports (\$ millions)	357	327	572	395	591	368
	Imports (\$ millions)	461	628	436	393	621	504
	Trade Balance (\$ millions)	-104	-301	135	2	-30	-136
Exchange Rates (Mid-rate, Monthly average)	SBD per USD	8.43	8.35	8.35	8.35	8.30	8.25
	SBD per AUD	5.31	5.25	5.38	5.42	5.43	5.36
	SBD per NZD	4.82	4.86	4.96	5.03	4.98	4.87
	SBD per GBP	10.87	10.89	11.16	11.32	10.76	11.09
	SBD per 100 JPY	5.65	5.51	5.78	5.78	5.66	5.59
	SBD per EUR	9.08	9.19	9.42	9.38	8.92	9.60
	SBD Currency Basket Index	115.1	115.0	114.4	114.2	112.3	112.2
Gross Foreign Reserves(eop)	\$ milions	5,906	5,885	5,925	6,054	6,120	6,224
Import Cover	Months	10.9	10.7	10.7	11.0	11.0	11.3
Liquidity ² (eop)	Free Liquidity (\$ millions)	2,773	2,665	2,750	2,788	2,829	2,855
Money and credit ² (eop)	Narrow Money, M1 (\$ millions)	5,252	5,214	5,425	5,577	5,621	5,726
	Broad Money, M3 (\$ millions)	6,177	6,161	6,373	6,531	6,547	6,659
	Private Sector credit (\$ millions)	2,824	2,805	2,849	2,842	2,895	2,867
Interest Rates (weighted average yield)	28-days Bokolo Bills rate (%)	0.34	0.36	0.39	0.38	0.39	0.40
	91- days Treasury Bills rate (%)	1.15	1.15	1.15	1.15	1.15	1.15
	182-days Treasury Bills rate (%)	2.40	2.40	2.39	2.39	2.39	2.39
	365-days Treasury Bills rate (%)	2.60	2.60	2.60	2.60	2.59	2.59
Government Finance	Revenue (\$ millions)	283	319	254	324	313	262
	Expenditure (\$ millions)	249	349	341	323	395	259
	Fiscal Balance (\$ millions)	35	-30	-87	1.	-82	3
	SIG Debt stock (eop) (\$ millions)	3,171	3,273	3,362	3,753	3,749	3,761
Global Commodity Prices (monthly averages)	CBSI Commodity Price Index	101.3	105.5	106.2	106.0	105.3	106.3
	Round logs - (US\$/m3)	200	207	206	206	203	202
	Gold - (US\$/oz)	2,983	3,218	3,309	3,353	3,340	3,368
	Palm Oil - (US\$/tonne)	1,068	994	908	935	975	1,026
	Fish - (US\$/tonne)	1,649	1,649	1,469	1,403	1,422	1,422
	Coconut oil - (US\$/tonne)	2,356	2,483	2,767	2,699	2,771	2,845
	Cocoa - (US\$/tonne)	8,080	8,150	8,990	8,400	7,370	7,602
	Timber - (US\$/m3)	704	717	728	739	736	733

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.