CENTRAL BANK OF SOLOMON ISLANDS

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Monthly Economic Bulletin

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I. MONETARY DEVELOPMENTS

Money supply (M3) dropped slightly by 1% to $6,582 million in September 2025, following a 2% rise in the previous month. This decline was primarily attributed to a 2% contraction in narrow money (M1), which fell to $5,637 million. In contrast, other deposits (time and savings) rose by 1% to $946 million.

Net foreign assets (NFA) of the banking system decreased by 1% to $5,756 million during the month. This was driven by a significant drop in NFA of other depository corporations (ODCs) from $46 million in August 2025 to minus $33 million in September. The Central Banks's NFA dipped slightly to $5,789 million in September 2025 from $5,790 in August. Despite the monthly decrease, the total NFA expanded by 8% on an annual basis[1] .

Credit to private sector (PSC) expanded by 1% to $2,883 million in September. Meanwhile, net credit to government (NCG) edged up by 14% to minus $656 million, reflecting the increase in government deposit in the banking system during the month. On an annual basis, PSC increased by 1% while NCG edged up by 0.4%.

Free liquidity[2] in the banking system grew by 0.5% to reach $2,869 million in September 2025. The growth was driven by higher call account deposits held at CBSI. The minimum required reserve climbed to $335 million in September, marking a 2% growth from the previous month.

Domestic Market Operations

The stock of CBSI's Bokolo Bills stood at $430 million in September 2025. The weighted average yield (WAY) for Bokolo bills increased to 0.41% from 0.40% in the previous month. Meanwhile, Treasury bills (T-Bills) tendered during the month amounted to $94 million, of which only $50 million was accepted by CBSI. The T-bills WAY for 91 days and 182 days remained unchanged at 1.15% and 2.39% respectively, as in the previous month, while the WAY for 365 days decreased to 2.58% from 2.59% in August.

[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 marginal surplus of $1 million in September 2025, marking a significant improvement from the $136 million deficit in August. This improvement reflected a 25% increase in exports to $459 million, along with a 9% decline in imports to $458 million. The expansion in exports was largely driven by minerals, fish and agricultural products. Meanwhile, the fall in imports reflected lower purchases of food and basic manufactures during the month.

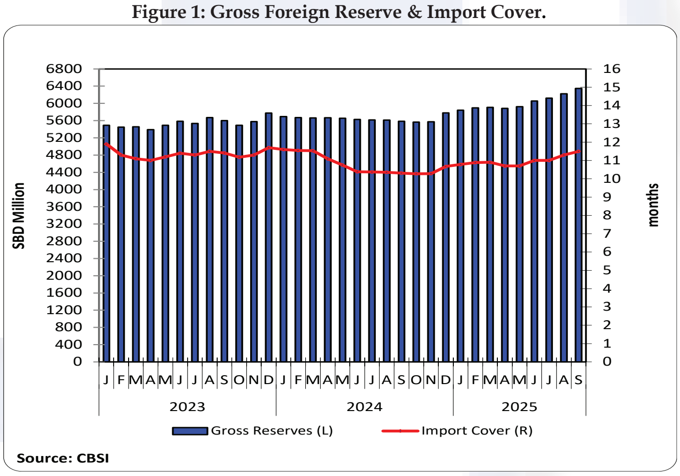
Remittances

In September 2025, the total inward remittance rose to $40 million from $33 million in the previous month. Meanwhile, outward remittances increased by 26% to $29 million from $23 million in August. This resulted in a net inflow of $11 million during the month.

Gross Foreign Reserves

Gross foreign reserves increased marginally by 2% to $6,349 million in September, reflecting higher inflows than outflows during the month. This level of reserves is sufficient to cover 11.5 months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



Source: CBSI

Exchange Rate

The Solomon Islands dollar (SBD) appreciated against the United States dollar (USD) in September for the third consecutive month rising by 0.2% to $8.23 per

USD. It also strengthened against the New Zealand dollar by 0.38% to $4.85 per NZD. Conversely, the SBD depreciated against the AUD by 1.3% to $5.43 per AUD. It also weakened against the British pound and the Euro, while appreciating against the Japanese Yen during the month. Overall, the trade-weighted index (TWI) rose slightly by 0.2% to 111.9, indicating an improvement in the SBD during the period.

II: GOVERNMENT FINANCE

The Government recorded an operational surplus of $63 million in September 2025, following a notable increase from the $3 million surplus recorded in the previous month. This positive outcome stemmed primarily from improvements in revenue performance during the month. Total revenue surged by 51% to $395 million, driven by strong collections from the Inland Revenue (IRD) and higher non-tax receipts. Meanwhile, total expenditure expanded by 28% to $332 million, driven by increased spending on payroll and payments for goods and services.

The Central Government's debt stock rose by 7% to $4,042 million at the end of September 2025, equivalent to a debt-to-GDP ratio of 26%. This increase reflected additional loan disbursements from the ADB, World Bank and Exim Bank of China (PRC), alongside the issuance of auction treasury bills and an additional bond to the Solomon Islands Ports Authority (SIPA). Consequently, external debt grew by 9% to $2,693 million, while domestic debt increased by 5% to $1,349 million. Debt servicing for the month totaled $29.48 million, consisting of $26.57 million in principal repayments and around $2.91 million in interest payments.

V: DOMESTIC ECONOMY

The preliminary monthly production index for September 2025 saw a significant drop to 102 points, down from 119 points in the previous month. The downturn reflected lower output in logging (-23 points) and fishing (-0.9 points). In contrast, agriculture and mining production showed modest gains, rising by 1 point and 6 points, respectively. Actual production data showed that round log output fell sharply by 51% to 65,000 cubic meters, while fish catch declined slightly by 1% to 2,048 tons. Meanwhile, agricultural production strengthened, with palm oil rising by 3% to 1,773 tons, copra by 2% to 409 tons, coconut oil by 2% to 593 tons, and cocoa by 1% to 500 tons. Mineral production also rebounded strongly, increasing by 55% to 5,387 gold-equivalent ounces.

The commodity price index continued its upward trend, increasing from 106.4 points in August to 110.4 points in September, driven by higher prices across several key commodities. Gold prices rose by 9% to US$3,668 per ounce. Palm oil prices edged up by 1% to US$1,038 per ton, and timber prices rose slightly by 0.5% to US$736 per cubic meter. Conversely, coconut oil prices declined by 9% to US$2,589 per ton, cocoa prices fell by 8% to US$7,025 per ton, and round log prices dropped marginally by 0.1% to US$201 per cubic meter. Fish prices remained unchanged at US$1,422 per ton.

National Consumer Price Index, Inflation (MoM)

The National Consumer Price Index (NCPI) rose to 134.9 points in August, up from 131.8 points in July. This outcome was mainly attributed to the increase in Alcohol Beverages, Tobacco and Narcotics (ABTN) category, particularly a rise in betel-nut prices. In contrast, the Food and non-alcoholic category saw a declined compared to the previous month.

Headline Inflation (YoY – 3mma)

Headline inflation rose to 5.5% in August, up from 4.4% in July. This was largely due to a surge in domestic inflation, which climbed to 7.7% from 6.0% in the previous month. More than half of the price increase in headline inflation was driven by betel nut, a highly volatile item in the CPI basket. Meanwhile, imported inflation continued to ease, falling to 0.3 % from 0.8% in July. Similarly, core inflation edged down to 0.8% from 1.3% indicating easing of price pressure within the economy.

Figure 1: Headline and Core inflation

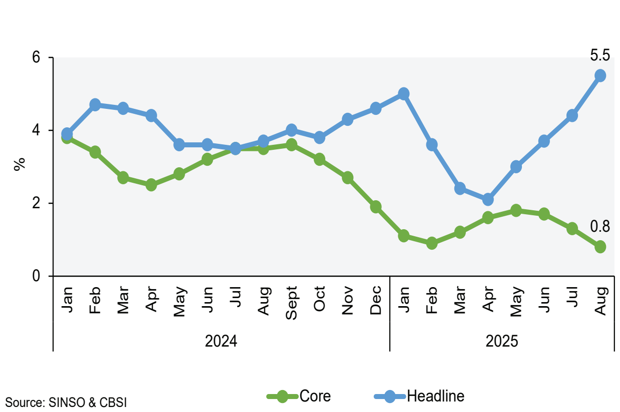
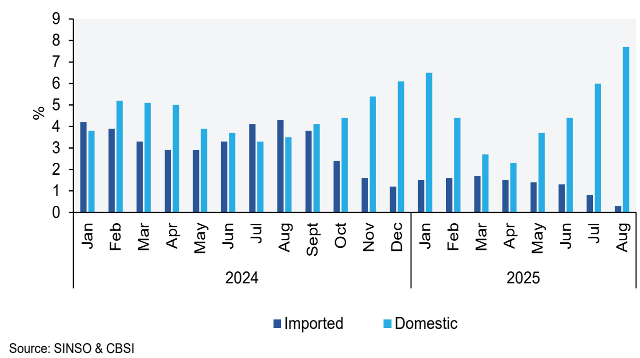


Figure 2: Domestic and Imported inflation



CBSI Monthly Price Index (MPI)

The CBSI Monthly Price Index (MPI) for selected consumption items climbed to 112 points in

September, up from 103 points in August, reflecting higher betel nut and household electricity prices. Average price of betel nut prices increased by $1.17 to $2.00 per nut, while household electricity tariffs rose by 34 cents to $6.64 per kilowatt-hour. The price of a 40lb bag of Solrice edged up by 20 cents to $147.40. In contrast, fuel prices fell slightly by 2 cents to $9.69 per litre, and liquefied petroleum (LP) gas prices declined by 17 cents to $31.33 per kilogram.

Solomon Islands Key Economic Indicators

		Apr 25	May 25	Jun 25	Jul 25	Aug 25	Sep 25
Consumer price index (%)	Headline inflation (3mma, YoY)	2.1	3.0	3.7	4.4	5.5	n.a
	Underlying inflation (3mma,YoY): core 3	1.6	1.8	1.7	1.3	0.8	n.a
	Headline inflation(MoM)	0.7	0.4	0.8	1.8	2.4	n.a
CBSI Monthly Price Index	Weighted Index	116	111	103	104	103	112
Production Index	Index	106	150	74	122	119	102
Trade[1]	Exports ($ millions)	429	569	394	591	368	459
	Imports ($ millions)	522	436	393	621	504	458
	Trade Balance ($ millions)	-93	133	1	-30	-136	1
Exchange Rates (Mid-rate, Monthly average)	SBD per USD	8.35	8.35	8.35	8.30	8.25	8.23
	SBD per AUD	5.25	5.38	5.42	5.43	5.36	5.43
	SBD per NZD	4.86	4.96	5.03	4.98	4.87	4.85
	SBD per GBP	10.89	11.16	11.32	10.76	11.09	11.12
	SBD per 100 JPY	5.77	5.78	5.78	5.66	5.59	5.57
	SBD per EUR	9.34	9.42	9.38	8.92	9.60	9.66
	SBD Currency Basket Index	115.0	114.4	114.2	112.3	112.2	111.9
Gross Foreign Reserves(eop)	$ milions	5,885	5,925	6,054	6,120	6,224	6,349
Import Cover	Months	10.7	10.7	11.0	11.0	11.3	11.5
Liquidity[2] (eop)	Free Liquidity ($ millions)	2,665	2,750	2,788	2,829	2,855	2,869
Money and credit[2] (eop)	Narrow Money, M1 ($ millions)	5,214	5,425	5,577	5,621	5,726	5,637
	Broad Money, M3 ($ millions)	6,161	6,373	6,531	6,547	6,659	6,582
	Private Sector credit ($ millions)	2,805	2,849	2,842	2,895	2,867	2,883
Interest Rates (weighted average yield)	28-days Bokolo Bills rate (%)	0.36	0.39	0.38	0.39	0.40	0.41
	91- days Treasury Bills rate (%)	1.15	1.15	1.15	1.15	1.15	1.15
	182-days Treasury Bills rate (%)	2.40	2.39	2.39	2.39	2.39	2.39
	365-days Treasury Bills rate (%)	2.60	2.60	2.60	2.59	2.59	2.58
Government Finance	Revenue ($ millions)	319	254	324	313	262	395
	Expenditure ($ millions)	349	341	323	395	259	332
	Fiscal Balance ($ millions)	-30	-87	1.	-82	3	63
	SIG Debt stock (eop) ($ millions)	3,273	3,362	3,753	3,749	3,761	4,042
Global Commodity Prices (monthly averages)	CBSI Commodity Price Index	105.5	106.2	106.0	105.3	106.3	110.4
	Round logs - (US$/m3)	207	206	206	203	202	201
	Gold - (US$/oz)	3,218	3,309	3,353	3,340	3,368	3,668
	Palm Oil - (US$/tonne)	994	908	935	975	1,026	1,038
	Fish - (US$/tonne)	1,649	1,469	1,403	1,422	1,422	1,469
	Coconut oil - (US$/tonne)	2,483	2,767	2,699	2,771	2,845	2,589
	Cocoa - (US$/tonne)	8,150	8,990	8,400	7,370	7,602	7,030
	Timber - (US$/m3)	717	728	739	736	733	736

[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.