

## Monthly Economic Bulletin

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### I. MONETARY DEVELOPMENTS

Money supply (M3) contracted by 4% to \$6,896 million in January 2026. This was driven by the fall in both narrow money (M1) and other deposits (time and savings). Narrow money declined by 4% to \$5,953 million while other deposits dropped by 1% to \$943 million.

Net foreign assets (NFA) of the banking system dipped by 8% to \$5,656 million in January 2026 after a 3% growth recorded in December 2025. The fall in NFA was underpinned by a 7% downturn in CBSI's NFA to \$5,687 million accompanied by weaker NFA position of other depository corporations (ODCs) from \$37 million to minus \$31 million during the month.

Credit to private sector (PSC) edged lower by 1% to \$2,914 million in January 2026. Additionally, net credit to government (NCG) expanded by 24% to minus \$506 million, reflecting the increase in government deposits held in the banking system during the month.

Free liquidity<sup>1</sup> in the banking system declined by 11% to \$3,440 million during the month. The contraction was due to the weaker NFA position and the reduction in commercial banks' call accounts deposits held at CBSI. Required reserves went up by 10% to \$364 million during the month

#### Domestic Market Operations

The stock of CBSI Bokolo bills issued in January 2026 maintained at the \$430 million cap. The weighted average yield (WAY) for Bokolo bills was unchanged at 0.40%, as in the previous month. Total treasury bills tendered in January 2026 amounted to \$47 million of which only \$33 million was absorbed. The weighted average yield (WAY) for 56 days, 91 days and 182 days remained unchanged from the previous month at 0.75%, 1.16% and 2.39%, respectively.

### II. EXTERNAL CONDITIONS

#### Trade in Goods

The balance on trade in goods recorded a deficit of \$110 million in January 2026, reversing the \$388 million surplus posted in December 2025. This

outcome was primarily driven by a 47% decline in exports to \$397 million, reflecting lower earnings from both agricultural and mineral exports. In contrast, imports increased by 42% to \$507 million, mainly due to broad-based increase in all import categories.

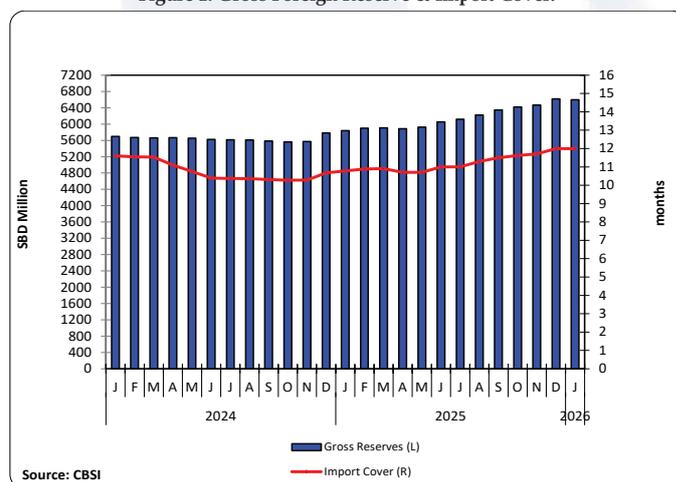
#### Remittances

In January 2026, inward remittances processed through money transfer operators declined to \$35 million, compared to \$42 million in December 2025. Similarly, outward remittances decreased to \$11 million from \$22 million in the previous month. As a result, net remittances record a surplus of \$24 million, up from \$20 million in December 2025.

#### Gross Foreign Reserves

Gross foreign reserves recorded a marginal decline of 0.4% to \$6,595 million in January 2026, driven by a trade deficit recorded during the month. This level of reserves is sufficient to cover 12 months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



#### Exchange Rate

In January, the Solomon Islands dollar (SBD) appreciated slightly against the United States dollar, rising by 0.65% to \$8.12 per USD. Conversely, the SBD depreciated against the Australian dollar by 1.30% to \$5.49 per AUD and against the New Zealand dollar by 0.18% to \$4.74 per NZD. Over the month, the SBD also weakened against the British pound but strengthened against the Euro and the Japanese yen. Reflecting these overall mixed performances, the overall Trade-

<sup>1</sup> The annual growth is a comparison against December 2024

Weighted Index (TWI) slightly appreciated by 0.4% to 110.4 points during the month.

## II: GOVERNMENT FINANCE

The government recorded a provisional operating deficit of \$6 million in January 2026, compared with an \$87 million deficit posted in December 2025. This outcome was primarily driven by a reduction in government expenditure by 61% to \$240 million during the month. It is important to note that January marks the start of a new fiscal year and budget cycle and therefore spending patterns are not directly comparable with December. Meanwhile, total revenue declined significantly by 56% to \$235 million, mainly due to lower collections from tax revenue and non-tax receipts.

The government debt stock fell slightly by 0.4% to \$4,186 million in January 2026, largely reflecting debt repayments during the month. As a result, external debt edged down by 1% to \$2,818 million, while domestic debt declined minimally by 0.2% to \$1,368 million. During the month, debt servicing totaled \$48.52 million, comprising \$45.26 million in principal repayments and \$3.26 million in interest charges.

## IV: DOMESTIC ECONOMY

The Monthly Production Index declined to a preliminary 123 points in January 2026 from 138 points in December 2025. The outcome was primarily driven by a significant fall in the mining sector (35 points), and fishing (5 points). These declines outweighed gains recorded in forestry and agriculture, which increased by 11 points and 14 points, respectively. In terms of actual production volumes, round logs output increased by 29% to 141,603 cubic meters. Palm oil production rose by 7% to 1,932 tons, cocoa climbed by 64% to 264 tons, and coconut oil went up by 42% to 626 tons. In contrast, mineral production fell sharply by 83% to 2,462 gold equivalent ounces, reflecting disruptions due to grievances and willful damage of some machinery at the largest gold mining - Gold Ridge - on 20th January. Copra production also declined by 15% to 1,259 tons.

The CBSI commodity price index rose to 122.3 points in January 2026, up from 116.3 points in December 2025, reflecting higher prices for several major export commodities. Gold prices increased by 10% to US\$4,753 per ounce. Palm oil prices edged up by 2% to US\$998 per ton, timber prices rose by 1% to US\$737 per cubic meter, and fish prices went up by 2% to US\$1,487 per ton. Meanwhile, cocoa prices decreased by 14% to US\$4,970 per ton, coconut oil fell by 5% to US\$2,197 per ton, while round log prices decreased slightly by 0.5% to US\$190 per cubic meter.

### Consumer Price Index, Inflation (MoM)

The National Consumer Price Index (NCPI) fell by 0.4% to 129.8 points in December from 130.3 points recorded in the previous month. The month-on-month decline was attributed to two NCPI baskets 'Food and Non-alcoholic Beverages' and 'Housing and Utilities' - reflecting decreases in the prices of fruits and vegetables, electricity, and solid fuels.

### Headline Inflation (YoY-3mma)

Headline inflation (YoY) dropped significantly to 1.6% in December, from 3.4% recorded in November 2025. This outcome was primarily driven by a sharp fall in domestic inflation from 4.7% in November to 2.2% in December. Imported inflation fell slightly to 0.2% from 0.3% in the previous month of November. Core inflation edged up to 0.9% in December from 0.6% in the previous month, indicating modest but contained inflationary pressures.

Figure 2: Headline and Core inflation

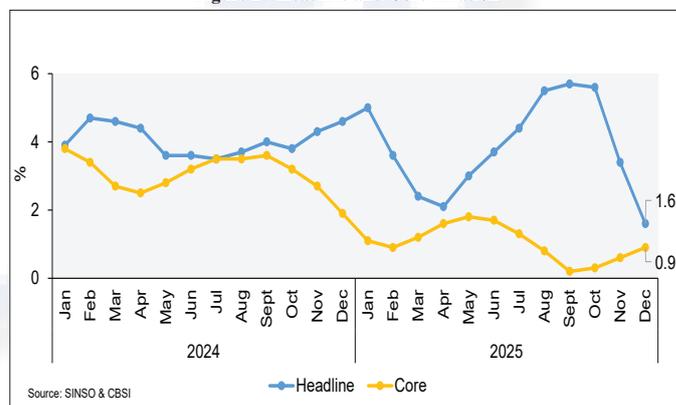
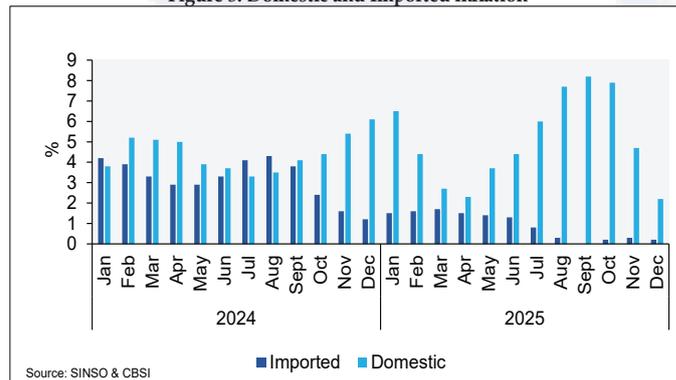


Figure 3: Domestic and Imported inflation



### CBSI Monthly Price Index (MPI)

The CBSI MPI for selected consumption items increased to 117 points in January 2026 from 108 points in December 2025. Fuel prices rose by 24 cents to \$9.78 per litre. Betel-nut prices went up by \$1.29 to an average of \$2.79 per nut, while liquefied petroleum (LP) gas prices increased by \$4.70 to \$31.29 per kilogram. Conversely, the price of a 40lb bag of Solrice fell by \$7.00 to \$147.60, and household electricity tariffs edged down by 18 cents to \$6.25 per kilowatt-hour.

# Solomon Islands Key Economic Indicators

		Aug 25	Sep 25	Oct 25	Nov 25	Dec 25	Jan 26
Consumer price index (%)	Headline inflation (3mma, YoY)	5.5	5.7	5.6	3.4	1.6	na
	Underlying inflation (3mma, YoY): core 3	0.8	0.2	0.3	0.6	0.9	na
	Headline inflation (MoM)	2.4	-1.6	0.0	-1.8	-0.4	na
<b>CBSI Monthly Price Index</b>	Weighted Index	103	112	114	107	108	117
<b>Production Index</b>	Index	137	106	143	105	138	123
<b>Trade<sup>1</sup></b>	Exports ( \$ millions)	418	488	490	491	745	397
	Imports ( \$ millions)	504	458	409	433	356	507
	Trade Balance ( \$ millions)	-86	30	81	57	388	-110
<b>Exchange Rates</b> (Mid-rate, Monthly average)	SBD per USD	8.25	8.23	8.25	8.25	8.18	8.12
	SBD per AUD	5.36	5.43	5.40	5.37	5.42	5.49
	SBD per NZD	4.87	4.85	4.75	4.66	4.73	4.74
	SBD per GBP	11.09	11.12	11.02	10.84	10.93	10.98
	SBD per 100 JPY	5.59	5.57	5.46	5.32	5.25	5.18
	SBD per EUR	9.60	9.66	9.60	9.54	9.57	9.53
	SBD Currency Basket Index	112.2	111.9	112.02	112.38	110.82	110.40
<b>Gross Foreign Reserves( eop)</b>	\$ milions	6,224	6,349	6,422	6,469	6,620	6,595
<b>Import Cover</b>	Months	11.3	11.5	11.6	11.7	12.0	12.0
<b>Liquidity<sup>2</sup></b> (eop)	Free Liquidity ( \$ millions)	2,855	2,869	3,541	3,469	3,881	3,440
<b>Money and credit<sup>2</sup></b> (eop)	Narrow Money, M1 ( \$ millions)	5,726	5,637	5,936	5,864	6,224	5,953
	Broad Money, M3 ( \$ millions)	6,659	6,582	6,886	6,817	7,179	6,896
	Private Sector credit ( \$ millions)	2,867	2,883	2,901	2,910	2,949	2,914
<b>Interest Rates</b> ( weighted average yield)	28-days Bokolo Bills rate (%)	0.40	0.41	0.40	0.40	0.40	0.40
	56-days Treasury Bills rate (%)			0.74	0.75	0.75	0.75
	91- days Treasury Bills rate (%)	1.15	1.15	1.16	1.16	1.16	1.16
	182-days Treasury Bills rate (%)	2.39	2.39	2.39	2.39	2.39	2.39
	365-days Treasury Bills rate (%)	2.59	2.58	n.a	n.a	n.a	n.a
<b>Government Finance</b>	Revenue ( \$ millions)	262	395	403	288	530	235
	Expenditure ( \$ millions)	259	332	510	396	618	240
	Fiscal Balance ( \$ millions)	3	63	-107	-109	-89	-6
	SIG Debt stock (eop) ( \$ millions)	3,761	4,042	4,205	4,230	4,165	4,186
<b>Global Commodity Prices</b> (monthly averages)	CBSI Commodity Price Index	106.7	110.6	114.4	113.2	116.3	122.3
	Round logs - (US\$/m3)	202	201	197	192	191	190
	Gold - (US\$/oz)	3,368	3,668	4,058	4,087	4,309	4,753
	Palm Oil - (US\$/tonne)	1,026	1,038	1,038	970	981	998
	Fish - (US\$/tonne)	1,422	1,422	1,516	1,583	1,457	1,487
	Coconut oil - (US\$/tonne)	2,845	2,589	2,547	2,469	2,323	2,197
	Cocoa - (US\$/tonne)	7,602	7,030	5,950	5,610	5,782	4,970
	Timber - (US\$/m3)	733	736	728	715	730	737

<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.