



CENTRAL BANK of SOLOMON ISLANDS

P.O. BOX 634, Honiara, Solomon Islands

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Press Release: 03/2026

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## FOR IMMEDIATE RELEASE

### **CBSI maintains accommodative monetary policy stance; introduces policy rate at 1.5%**

**Honiara, 19 February 2026** — At its meeting on 19 February 2026, the Board of the Central Bank of Solomon Islands (CBSI) decided to maintain an accommodative monetary policy stance for the next six months to support economic activity while ensuring inflation remains below 5%. In line with this decision, the Bank introduced a policy rate set at 1.5% as a new operational tool within its monetary policy framework.

#### **Governor's statement**

“Today’s decisions support Solomon Islands’ ongoing economic recovery while safeguarding price stability. Introducing a policy rate improves the clarity of our stance and strengthens the transmission of monetary policy to the broader economy.” — **Governor, Central Bank of Solomon Islands**

#### **Why introduce a policy rate — and what it means**

The policy rate is the interest rate set by the Central Bank and serves as the main signal of the Bank’s monetary policy stance. It aims to guide interest rates across the economy including the rates commercial banks offer on loans and savings. The setting of a policy rate is intended to improve transparency and forward guidance to the market, helping businesses, households, and financial institutions better understand the stance of policy and plan accordingly.

#### **Economic and financial conditions**

**Global context.** Global growth is projected to remain steady in 2026, with inflation in many economies easing toward central bank targets. International food and fuel prices are expected to remain subdued amid ample supply, supporting lower imported inflation.

**Domestic developments.** Economic activity strengthened in the second half of 2025, exceeding earlier expectations. This was driven by strong mineral exports and improved performance across agriculture, fishing, communications, wholesale and retail trade, and tourism. Labour market conditions remained broadly supportive. Against this backdrop, CBSI has revised up its

growth outlook to 3.6% for 2025 and 3.8% for 2026, underpinned by mining expansion and broad-based growth in services, more than offsetting the decline in logging.

**External position and fiscal outlook.** The country's foreign reserves are projected to remain adequate at around 12 months of import cover in 2026, supported by robust export earnings and continued donor inflows. Fiscal policy is expected to shift toward consolidation this year as the government aims to manage the fiscal deficit and rebuild cash buffers. Monetary aggregates are projected to grow moderately, with credit growth expected to remain modest, mainly driven by personal lending.

### **Inflation developments and outlook**

**Recent outcomes.** Headline inflation eased to 1.6% in December 2025 (from 3.7% in June), reflecting a decline in domestic price pressures and lower imported inflation. Core inflation moderated to 0.9% over the same period, indicating contained underlying demand.

**Outlook.** Headline inflation is expected to rise temporarily in Q1 2026 due to the impact of heavy rainfall on local food prices before easing to around 3.5% by June and 3.4% by December 2026. Core inflation is expected to remain low at about 1% in 2026.

**Risks.** Key risks to the inflation outlook include heightened geopolitical tensions that could lift global oil prices, more extreme weather than anticipated that may disrupt food supply, and ongoing domestic market inefficiencies.

### **Policy guidance**

CBSI will continue to closely monitor domestic and global developments and stands ready to adjust its policy stance should inflationary pressures intensify or if significant macroeconomic shocks arise.

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#### **Notes to editors**

- **Accommodative stance:** *A policy stance that supports economic activity—typically through lower interest rates and ample liquidity—consistent with CBSI's objective of price stability (inflation below 5%) and sustainable growth.*
- **Policy rate:** *CBSI's newly introduced monetary policy tool to signal the Bank's monetary policy stance. It is intended to be used as a benchmark rate to guide interest rate setting in the economy. The Bank is working on putting into place the systems required to support its effective implementation.*
- **Forecasts (summary):** *Headline inflation is projected at ~3.5% by June 2026 and ~3.4% by December 2026; core inflation ~1% in 2026. Real GDP growth is expected at 3.6% (2025) and 3.8% (2026).*

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**About the Central Bank of Solomon Islands:**

The Central Bank of Solomon Islands (CBSI) is the nation's premier financial institution, responsible for formulating and implementing monetary policy. CBSI oversees and regulates the country's banking and financial system, ensuring economic stability and growth.