



**CENTRAL BANK OF
SOLOMON ISLANDS**

**QUARTERLY
REVIEW
December 2013**

Vol. 26, No.4



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The Quarterly Review is prepared by the Economics Research and Statistics Department of the Central Bank of Solomon Islands and published four times a year. All enquiries pertaining to the Review should be addressed to:

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GENERAL NOTE

p provisional

e estimate

- nil

n.a. not available

(i) The sum of the components may differ from the totals in some instances due to rounding.

(ii) Data are subject to periodic revision as more updated information becomes available.

GLOSSARY

The following terminologies are defined in the context of Solomon Islands.

Balance of Payments (BoP): records all payments and receipts relating to the movement of funds between a country and foreign countries.

Bank Liquidity: Total amount of cash held by banks and not used for investment or other transactions.

Capital account: records international transactions relating to the flow of capital between a country and foreign countries, such as investment, loans etc.

Current account: records international transactions relating to the flow of goods, services, income and gifts. A surplus indicates higher inflows than outflows and a deficit indicates the opposite.

Domestic credit: value of loans and advances obtained from within the country.

Excess Liquidity: The liquidity that banks possess that is greater than the minimum prescribed by the Central Bank.

Exchange rate: the price of foreign currencies stated in terms of the local currency or the vice versa.

Exports: goods that a country sells abroad.

External reserves: stock of foreign currency assets of the Central Bank. These assets are earned through exports, foreign aid and loans obtained from institutions abroad.

Gross Domestic Product (GDP): Total value of all final goods and services produced in an economy during the course of a year.

Honiara Retail Price Index (HRPI): a consumer price index which shows the price level and changes in price level of goods and services in Honiara over time. This information forms the basis for calculating inflation in the economy.

Imports: goods that a country buys from abroad.

Liquidity Asset Requirement: Usually defined as a percentage of deposit liabilities of a commercial bank that shall be held as cash or as balance with the Central Bank.

Money Supply: the total quantity of money in a country's economy at a particular time.

Narrow money: notes and coins in the hands of the public plus money held on demand deposits at the Central Bank.

Net Credit to Government: value of borrowings by Government less its deposits at the banks and the Central Bank.

Private sector credit: value of borrowings by private companies and individuals within the country.

Quasi money: Total of time deposits and savings deposits.

Trade balance: the difference between merchandise exports (goods sold overseas) and merchandise imports (goods purchased from overseas).

Trade surplus/deficit: a trade surplus is when the value of exports is higher than the value of imports, whilst a trade deficit is when receipts from exports are less than payments for imports.

Chapter I. ECONOMIC OVERVIEW, POLICY ISSUES AND ECONOMIC OUTLOOK

The Solomon Islands economy showed some resilience in 2013 on the back of solid domestic demand conditions, strong non-commodity sector and large public investments. On the other hand, the commodity sector, driven by weak export prices that were inherited from the previous year and tight domestic supply conditions, shrunk substantially in the first quarter to outweigh recoveries in subsequent quarters. On a positive note, gross foreign reserves accumulated further despite weak trade and current account positions. During the year, credit to the private sector gathered momentum indicating an increase in private sector activities while on the fiscal front, the Government was able to contain expenditure growth to achieve a budget surplus.

Preliminary estimates showed the economy expanded by 3.2% in 2013 and was broadly around the revised 3.3% growth achieved a year ago. The positive outcome in 2013 was driven mainly by non-commodity sectors such as construction, manufacturing, transport & communication, retail & wholesale and public investments. However, all commodity sectors except for fisheries contracted during the year as a consequence of the slack performance in the first six months. Log production fell by 3% to 1.897 million cubic meters in line with industry expectations. Gold output plunged by 13% to 58,690 ounces and was mainly due to a fall in production in the first quarter. Agricultural output was also down with copra and palm kernel oil recording notable declines.

Domestic demand conditions in the country were upbeat during the year. The CBSI manufacturing index, a proxy for domestic demand conditions rallied 9% to 207 points. The number of issued building permits, another proxy, also trended upward indicating construction activities within Honiara were booming. This indicator was seen to be consistent with loans issued by the commercial banks to the construction sector and the housing component under personal loans, as well as capital funded projects within and outside of Honiara. Consumption was also on the rise boosted by commercial bank lending to the personal sector and rising fiscal expenditure.

Labour market conditions moderated in 2013 with the number of active superannuation contributors rising to 47,785. Other employment indicators such as the CBSI job advertisement survey and public service workforce showed similar trends. However, creating more job opportunities for the unemployed working age population remains a challenge that needs to be addressed sooner than later.

The trade position of the country swung sharply from a \$347 million surplus in the preceding year to a deficit of \$168 million in 2013. This unfavourable outcome stemmed from contrasting movements in exports and imports. Export receipts slumped by 11% to \$3,212 million owing to large declines in gold, copra and round log receipts. Broad based weakening of commodity prices and adverse

supply shocks to major commodities, particularly in the first quarter, underpinned the poor export performances. Imports on the other hand, rose by 3% to \$3,380 million. The high import payments were attributed to machinery, mineral fuel and food categories that buoyed by 7%, 7% and 6% to \$978 million, \$900 million and \$725 million, respectively.

During the year, the current account balance deteriorated to a \$668 million deficit from a \$6 million surplus a year ago. Despite the adverse external sector developments, foreign direct investment inflows combined with strong donor inflows led to the year-on-year accumulation of gross foreign reserves by 7% to \$3,909 million in December 2013.

In 2013, the Central Bank maintained the exchange rate policy of pegging the Solomon Islands dollar to a basket comprising of major trading partners' currencies. Exchange rate developments showed the SI dollar appreciate against the US dollar and Australian dollar. The nominal appreciation of the SI dollar coupled with higher domestic inflation relative to trading partners inflation rates caused the real effective exchange rate to appreciate and affect the country's terms of trade. In terms of exchange rate policy development, the Central Bank appreciated the base rate in June 2013 while maintaining the exchange rate margins for the US dollar and the Australian dollar within a two percent range.

Monetary growth decelerated further from higher growth rates in the preceding years. Money supply expanded by 12% year-on-year to \$3,445 million. This movement was due to the 13% expansion in the monetary base to \$2,034 million. Like in previous years, the monetary growth was driven mainly by increased foreign inflows and was also spurred to a lesser extent by credit growth.

Lending to the private sector increased by 15% to \$1,440 million in sharp contrast to the subdued growths in previous years. Of this volume, six categories namely personal, distribution, construction, communications, tourism and transport accounted for a combined share of 82%. The credit growth represented large movements mainly in personal, distribution, communications, tourism and agriculture. The interest rate margin moved slightly upward by four basis points to 10.4% by end year as a consequence of the fall in deposit rates.

Excess liquidity remained structurally high despite renewed credit growth and open market operations by the Central Bank. In 2013, the Central Bank raised the volume of Bokolo bills issued to commercial banks by \$244 million to \$600 million. The weighted average yield for the Bokolo bills rallied from 0.41% in the previous year to 0.58% in 2013. Meanwhile, the Solomon Islands Government Treasury bills closed the year at \$39 million with the weighted average yield for the 91 days maturities trending downward to 0.2%.

The Government achieved an overall budget surplus of \$133 million despite large unbudgeted spending pressures earlier in the year. Driving this positive outturn was revenue collections that totalled \$3,193 million compared to expenditure that were contained at \$2,977 million. Revenue collections weakened against budget by 10% but exceeded 2012 collections by 8%. Likewise, overall expenditure declined by 21% against budget but was 16% higher than the previous year's expenditure.

Public debt stock fell to \$949 million representing 15% of GDP. The fall was due to debt repayments that were made throughout the year. Like in previous years, debt sustainability indicators showed the country was well below the debt distress level in 2013. However, unfavourable exchange rate movements against large debt denominated currencies caused the external debt to rise in some months.

Inflationary pressures slowed down markedly in 2013 as a consequence of several factors including the appreciation of the local currency against major trading partners, declining global prices for food and fuel items combined with deceleration in the domestic index. Headline inflation fell to 3.0% in December from 4.6% a year ago. The imported index contracted by 0.9% in December compared to 2.4% twelve months back. The domestic index also trended downward to 5.7% from 6.3% a year ago.

During the year, a couple of policy challenges confronting the country came to the fore. Plunging commodity prices exposed the economy to external sector vulnerabilities. The Solomon Islands needs to broaden the export base and harness non-commodity sectors to improve the resilience of the export sector and the economy as a whole.

The scaling down of budget support grants coupled with unsustainable fiscal pressures going forward requires the Government to broaden domestic revenue streams. Further to that, revenue collecting agencies must become more efficient to ensure all collectable dues are captured.

While the exchange rate appreciation policy pursued by the Central Bank in recent years helped contain inflationary pressures from imported items, it also resulted in an over valuation of the real effective exchange rate that may adversely affect the country's competitiveness. To mitigate this, infrastructure projects that can raise productivity and reduce production costs must be pursued and completed soon. Exchange rate alone cannot carry the burden of addressing inflationary pressures and competitiveness in Solomon Islands; fiscal policy too must be reviewed to ensure that Solomon Islands is competitive in terms of taxation against its competing neighbours.

Renewed growth in private sector credit in 2013 was an encouraging development. However, most of the new loans were either attributed to personal loans for consumption or to a few large corporate clients. The inability to identify big ticket bankable projects therefore leaves a policy vacuum for more innovative financial intermediation for the unserved small to medium enterprises market that not only has the potential to generate more employment op-

portunities for locals but can also drive the economy more inclusively.

Outlook for 2014

The Central Bank projects the domestic economy to grow by 2.4% in 2014 compared to 3.2% in 2013. The major drivers behind the positive growth are fisheries, manufacturing, construction and 'transport and communication' sectors. Despite the positive out turn, overall growth is expected to be much slower than the previous year and the reasons are twofold. First, the logging sector is anticipated to record another decline in 2014. The recent flash flood that struck Honiara and Guadalcanal is the other major factor. Temporary closures to palm oil and mining operations on Guadalcanal tilted growth projections to the downside. While post-flood reconstruction activities would spur positive economic activities, risks to growth remain high if Gold Ridge Mining Limited remains closed for the rest of the year.

The level of gross foreign reserves in 2014 is projected to rise by 9% to \$4,274 million in line with expectations that more foreign inflows will be received in 2014. On the downside, the trade deficit is expected to worsen as imports are envisaged to rise much faster than exports. The current account deficit that was recorded in 2013 will persist in the next two years averaging at 15% of nominal GDP.

Reserve money is anticipated to reverse the 1% contraction in 2013 with a growth in 2014. The growth stems mainly from an expected increase in foreign inflows and the assumption that CBSI will not raise the volume of issued Bokolo bills in 2014. Private sector credit is forecasted to respond positively to the near to medium-term positive economic prospects.

The Central Bank forecasts inflation rate to fall within 4% - 6% range in 2014, coming on the back of renewed pressures from the domestic component. Global fuel and food indices were showing persistent slowdown in the near to medium term, which will transpire in expected imported inflation. However, risks to the upside are forecasted to come from the domestic index associated with bad weather conditions earlier in the year, tight supply conditions, unanticipated turnaround in oil prices and planned increases to utility costs.

The balanced budget the Government anticipated for 2014 will be financed mainly by domestic sources and to a lesser extent by development grants. With the expenditure budget of \$3,503 million, locally sourced revenue will finance \$3,423 million and development budget the remaining balance. However, some possible major risks to the 2014 balanced budget include election related expenditures, potential increases to unplanned expenditures associated with the recent disaster, and possible reduction in mineral revenue.

With the backdrop in 2013, the country needs to build buffers that can help to shield medium to long term growth

prospects from anticipated unfavourable shocks. All stakeholders including government, donor agencies, private sector and communities must coordinate and consolidate past efforts to achieve quality and sustained growth for the country. The pursuit of various reform programs that can lead to improved efficiencies across different sec-

tors of the economy must remain a cornerstone of current and future governments. To compliment these reform programs, sound policies must not only be formulated but also implemented to promote investment in the country, export diversification, access to finance, food security and construction of quality infrastructures.

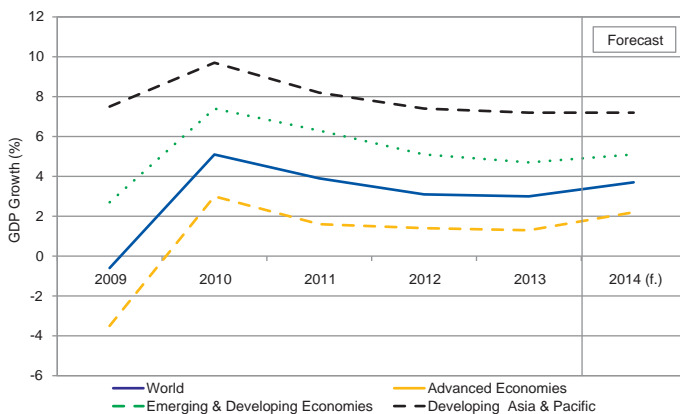
Chapter II. INTERNATIONAL ECONOMIC DEVELOPMENTS

The global economy in 2013, rallied moderately as economic activity and world trade strengthened during the second half of the year. Much of the initial drivers of growth came from recovery in the advanced economies. Stronger external demand from advanced economies also lifted growth in many emerging markets and developing economies, despite domestic demand remaining weak. The developing Asia and the Pacific region, which remained the fastest-growing region of the world's economy, also benefited from the growth momentum witnessed in the advanced economies. Despite these improvements, uncertainties in the global economy continued as fragilities and downside risks remained.

Global Economic Growth

The global economy is estimated to have grown by 3.0% in 2013, slightly below the 3.1% in 2012 but above the 2.9% projected earlier by the International Monetary Fund (IMF) in its October 2013 World Economic Outlook (WEO). The stronger growth was due mainly to strengthening of global activity and world trade in the second half of 2013, registering an annualised 3.3% growth in the December quarter. This was largely backed by the recovery in the advanced economies with annualised growth of 1.3% in 2013 and a 2.0% year-on-year growth in the December quarter. In emerging markets and developing economies, growth expanded more moderately at 4.7%, lower than the 4.9% growth in 2012 but higher than the 4.5% projected in the October WEO. Drivers of the uptick in the advanced economies were higher inventory demand whilst a rebound in exports propelled growth in the emerging markets and developing economies (see Figure 2.1)¹.

Figure 2.1: Global Economic Growth Trends
(Percentage Change, Annual Data)



Source: IMF World Economic Outlook, Jan 2014

In the advanced economies, the United States (US) reported an annualised growth of 3.2% in the December quarter, following a revised 4.1% growth in the preceding quarter. The strong recovery in the second half of the year was mainly on account of a rebound in business spending, solid private demand, and growth in exports along with a

smaller decrease in federal government spending.

On an annual basis, the US economy strengthened moderately at a below trend of 1.9% over the 2.8% growth registered in the previous year. The lower growth across 2013 reflected the weaknesses in the first half of the year².

Growth in the Euro area strengthened for the first time since the recession in 2011 to an annualised growth of 0.5% in the December quarter. On an annual basis, growth improved from negative 0.7% in 2012 to negative 0.4% in 2013. The mild recovery came from stronger export growth and a pick-up in the Euro core, in particular Germany and France with annualised growth of 1.6% and 0.6%, respectively during the December quarter. Strong growth in investment and industrial production also attributed to the improvement. However, weak internal demand, especially in the Southern Euro area, posed a downside risk to the region's recovery.

In Japan, the economy grew more gradually at 1.7% in 2013, from 1.4% in 2012. The recovery was predominantly driven by strong export growth, consumer spending amid rising confidence and employment, and a rebound in business investment, most notably in the fourth quarter of 2013. Annualised growth showed the Japanese economy growing strongly at 3.1% in the December quarter of 2013³.

Growth in the emerging markets and developing economies although softer was largely fuelled by the developing Asian economies, namely China, India, and Indonesia, which grew by 6.5% in 2013. China, one of the Solomon Islands lead trading partners, rebounded strongly in the second half of 2013 to register an annualised globe-leading 7.8% growth in the December quarter. Year-on-year growth showed China remaining fast and unchanged from the 7.7% recorded in 2012. The strong growth was largely explained by acceleration in investment, strong domestic demand and improved global exports. Growth in India and Indonesia in 2013, however, expanded by a modest 4.4% and 5.6%, respectively. Weak domestic demand amid high inflation and current account and government deficits contributed to the moderate growth in India. Meanwhile, subdued commodity revenues and tight policies attributed to Indonesia's modest growth in 2013.

In East Asia and the Pacific region, growth slowed to 7.2% in 2013 from 7.4% in 2012. The slowdown reflected a moderation of economic activities in Indonesia, Malaysia, and Thailand associated with weak commodity revenues and policy tightening. Sharp declines in economic activity were notable in the first quarter of 2013. However, growth strengthened in the second half of 2013, aided by improved external demand, lower imports, rebounding capital inflows and policy stimulus in China. Firm

¹ Source: IMF World Economic Outlook, January 21 2014.

² Source: IMF World Economic Outlook, January 21 2014.

³ Source: Economic forecast summary, Japan, November 2013.

industrial production and exports also attributed to the improvement, although performance remained uneven across the region⁴.

Solomon Islands other major trading partners, Australia and New Zealand, also witnessed modest growth performances. In Australia, latest gross domestic product (GDP) estimates showed an annualised growth of 2.3% in the third quarter, a decline from the 2.5% expansion in the second quarter of 2013. The deceleration was a result of weaker domestic demand, private consumption, and investment. On the positive side, exports of goods and services improved while imports declined resulting in a positive net external trade balance in the third quarter. As a result of these mixed movements, GDP is estimated at 2.5% growth in 2013, down from 3.6% in 2012. In New Zealand, recent economic data showed growth accelerating in the third quarter of 2013 by 3.5% as agriculture and manufacturing bounced back.

The acceleration was also boosted by increased government spending, private consumption, and fixed investments. Consequently, the New Zealand economy is estimated to have grown by 2.8% in 2013, up from the previous estimate of 2.5%⁵.

World Economic Outlook

Looking ahead, the global economy is expected to strengthen moderately from 3.0% in 2013 to 3.7% in 2014 and stabilising at 3.9% in 2015, with downside risks to the forecast remaining. Much of the acceleration is projected to come from the recovery in the advanced economies, and improved growth prospects for the emerging markets and developing economies as well as the Asian-Pacific region. For the advanced economies, growth is expected to accelerate to 2.2% in 2014, with stronger growth prospects for the US economy, European Union (EU), Canada, United Kingdom (UK) and other advanced economies⁶.

The US economy is projected to grow by 2.8% in 2014 improving further at 3.0% in 2015, boosted by a rebound in private consumption, residential construction, and private investment. Growth in the US economy is also expected to be supported by highly accommodative monetary conditions. In the euro area, growth is forecast to recover from a 0.4% contraction in 2013 to 1% growth in 2014, led by an upturn in Germany, the EU's largest economy. The Euro area recovery is also expected to be supported by stronger exports and rebound in the UK economy, which is anticipated to strengthen to 2.4% from 1.7% in 2013. However, high debt and financial fragmentation could hold back domestic demand and the recovery in the region.

In emerging markets and developing economies, growth is projected to increase moderately to 5.1% in 2014; however, this is still below the high growth of 6.3% in 2011. Growth in this region is expected to benefit from stronger external demand in advanced economies and China, al-

though domestic demand still remained weaker than expected in many of the economies.

Growth in China is forecast to remain unchanged at 7.7% in 2014, supported by the upturn in world trade and improved growth prospects for the USA and European Union, key export markets for China. Large scale infrastructure spending, major new investment programs and robust consumer spending will also sustain growth in China. Similarly, India is expected to rally back in 2014 to 5.7% after remaining low in the preceding two years. This will be helped by higher export growth and stronger structural policies supporting investment.

In the developing Asia and the Pacific region, growth expectations remain flat at 7.2% in 2014 and 7.1% in 2015. Growth is expected to be supported by a rebound in East Asian exports, driven by the improving prospects in the US and EU. However, declining commodity prices may impact heavily on the outturn of commodity exporting countries in the region. In Australia, growth forecasts look upbeat with faster growth at 2.8% anticipated in 2014, backed by improved business conditions and increased private consumption. Fixed investments are expected to expand by 1.3% in 2014 and to 1.7% in 2015 while private consumption to increase by 2.7% in 2014 from 2.1% in 2013. In New Zealand, growth is expected to expand by 3.0% in 2014 from 2.8% in 2013 as the economy continues to gain momentum from improved investments, private consumption and labour market conditions. Investments are projected to accelerate to 9.4% in 2014 from 8.2% in 2013 as business confidence improved. Meanwhile, private consumption is estimated to expand albeit by a slower rate of 2.8%, and the unemployment rate is projected to fall by 0.1 percentage point to 5.7% in 2014⁷.

Inflation and Commodity Prices

Global inflation remained subdued at 2.7% in 2013⁸, following weak global economic conditions and falling commodity prices during the year. In advanced economies, average inflation declined further to 1.4% in 2013 from 2.0% in 2012. Low inflation rates were most prominent in the euro area and US with inflation rates falling to 0.7% and 1.5% in 2013, respectively⁹. In the US economy, falling unemployment associated with reduction in labour force participation, drove inflation down, while in the euro area, a weak economy and downward pressure on wages kept inflation at bay (see Figure 2.2).

In 2014, inflation for the US economy and the euro area is projected to pick up slightly to 1.8% and 1.3%, respectively. However, these projected inflation rates still remained below the Federal Reserve and the European Central Bank's targets of 2.0%. The lower inflation projection is consistent with stabilising and falling commodity prices. Meanwhile, the continued slowdown in inflation poses risk to economic activity as well as raising the likelihood

4 Source: The World Bank, East Asia and the Pacific.

5 <http://www.focus-economics.com/en/economy/region-outlook/Asia> – accessed on February 2014

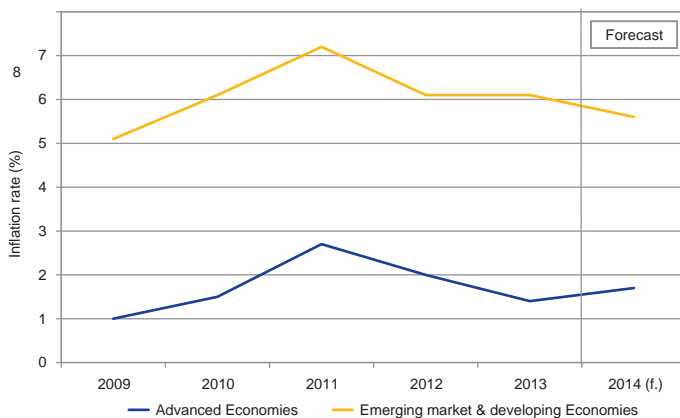
6 Source: IMF World Economic Outlook, January 21 2014

7 Source: <http://www.focus-economics.com/en/economy/region-outlook/Asia> – accessed on February 2014

8 Source: <http://www.focus-economics.com/en/economy/region-outlook/Asia> – accessed on February 2014

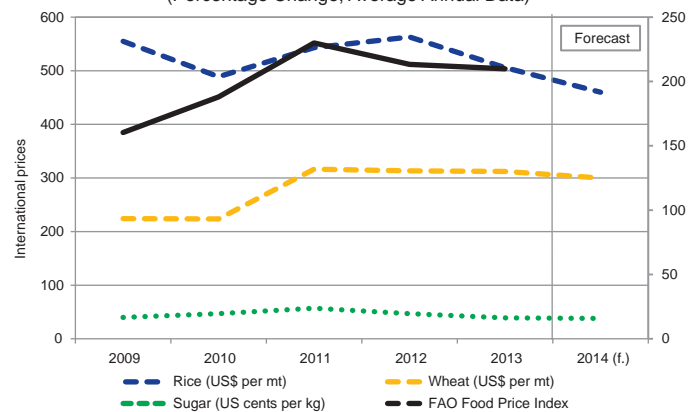
9 Source: <http://www.focus-economics.com/en/economy/region-outlook/Asia> – accessed on February 2014

Figure 2.2: Global Inflation Trends
(Percentage Change, Annual Data)



Source: IMF World Economic Outlook, Jan 2014

Figure 2.3: UN FAO Food Price Index and Selected International Food Prices
(Percentage Change, Average Annual Data)



Source: IMF World Economic Outlook, Jan 2014

of deflation in the event of adverse shocks to activity¹⁰. The combination of both lower inflation and higher deflation could propel downside risk to the region's growth recovery.

In emerging markets and developing economies, inflation for the region remained flat at 6.1% in 2013 and is projected to move broadly sideways at around 5% to 6% in 2014. The reduction in price pressures associated with falling commodity prices and the downward shift in growth helped lower inflation in the region. However, capacity constraints, weakening exchange rates, and strong domestic demand pressure might offset the downward pressure to some extent.

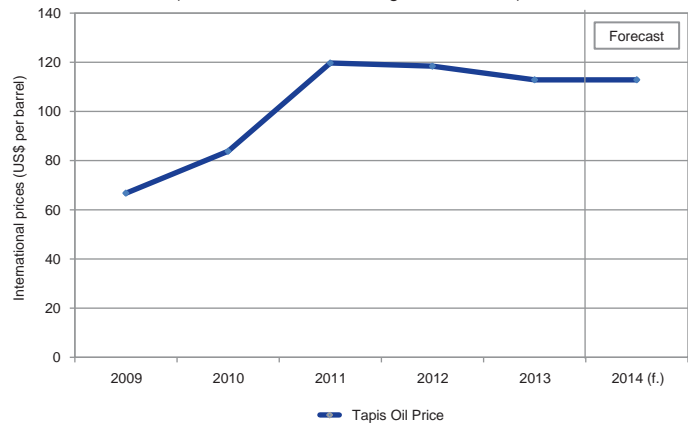
In China, average inflation registered 2.6% in 2013 and a 2.5% year-on-year in December¹¹.

In the Asia-Pacific region, Australia's annual inflation edged up from an average 1.8% in 2012 to an average 2.2% in 2013. In 2014, inflation is expected to increase to an average 2.5% following price increases driven by growth in housing and transport prices in the second half of 2013. Similarly, inflation in New Zealand increased slightly to 1.6% in 2013 from 1.0% in 2012, aided by increased air fares and housing prices. However, this level is still within the Reserve Bank of New Zealand's inflation target range of 1%-3%. In 2014, the Reserve Bank of New Zealand projected inflation to fall slightly to an average 1.5%¹².

Global commodity prices, as indicated by the World Commodity Price Index, declined for the second consecutive year by 1.4% to 180 on average in 2013. The slight fall was mainly driven by declines in fuel and non-fuel prices resulting in the indices falling by 1.7% on average to 191 and 1.2% on average to 169, respectively. Both fuel and non-fuel prices are expected to decline further by 4.3% and 6.3% in 2014, respectively as global economic activity continued to grow moderately.

International food prices, as indicated by the Food Price Index published by the United Nation's Food and Agri-

Figure 2.4: Tapis Oil Price
(International Price, Average Annual Data)



Source: IMF World Economic Outlook, Jan 2014

culture Organisation (UN FAO), also declined by a further 1.6% to 210 in 2013 from 7.2% fall in 2012. The fall was mainly driven by decline in price indices of sugar, vegetable oils, and cereals during the year. More specifically for Solomon Islands, prices of major imported food types, namely rice and wheat have also demonstrated falls across the year. Rice prices fell to US\$506 per ton from US\$563 per ton in 2012 while wheat prices slid to US\$312 per ton from US\$313 in 2012¹³. The food price index is expected to further decline by 11% to 158 basis points in 2014, on a favourable supply outlook (see Figure 2.3).

Similarly, global fuel prices weakened in 2013 following supply outages and slow fuel demand growth, particularly in China, India and the Middle East. The Tapis oil price, the most relevant fuel price for Solomon Islands, continued to fall by a moderate 5% to US\$113 per barrel in 2013 from a marginal drop of 1% in the previous year. Latest monthly data for January 2014 showed a moderate fall in the Tapis oil price by 3.2% to US\$111 per barrel against December 2013 (see Figure 2.4). For 2014, World Bank forecasts for crude oil for which Tapis Oil follows closely, is expected to marginally fall by 0.6%.

10 Source: IMF World Economic Outlook Update: Is the Tide Rising?, January 2014

11 Source: <http://www.inflation.eu/worldwideinflation-data> - accessed on February 2014

12 Source: <http://www.focus-economics.com/en/economy/region-outlook/Asia-> accessed on February 2014

13 Source: World Bank Data, 2013

Chapter III. REAL ECONOMY

Gross Domestic Product

Domestic economic performance for 2013 as measured by real gross domestic product (real GDP), remained positive despite adverse impacts from subdued international prices and bad weather conditions on key commodity sectors. The economy expanded by 3.2%, broadly around the same growth levels as the revised growth of 3.3% in 2012. This was supported by increases in the fisheries sector by 27%, construction by 11.4%, manufacturing by 19.4%, and transport and communications by 9%. On the downside, other sectors have underperformed as a result of weaker commodity prices. The agriculture sector slowed down by 4%, forestry fell by 2% and the mineral sector declined by 13% (see Table 3.1).

Industry	2009	2010	2011	2012	2013
Agriculture	0.0	5.9	11.2	-4.6	-3.5
Forestry	-28.0	32.2	32.2	0.8	-1.7
Fishing	-3.9	9.1	9.7	7.3	26.9
Mining & Exploration	900.0	0.0	857.0	64.5	-12.6
Manufacturing	-4.0	-0.3	3.8	16.9	19.6
Electricity and Water	-2.8	4.6	6.7	6.3	7.2
Construction	4.5	0.4	5.6	19.3	11.4
Retail and Wholesale Trade	3.3	2.0	6.1	4.8	3.7
Transport and Communications	3.9	5.6	19.2	4.9	8.7
Overall Growth	-1.9	7.9	10.6	3.3	3.2

Source: CBSI

Using the IMF estimates¹⁴, nominal GDP rose 10% to \$8,099 million (US\$1,099 million) in 2013 following 10% growth recorded in 2012. Furthermore, nominal GDP per capita increased by 8% from \$12,968 in 2012 to \$14,005 in 2013. In real terms, the GDP per capita grew by 2% from \$7,671 to \$7,796 in the same period.

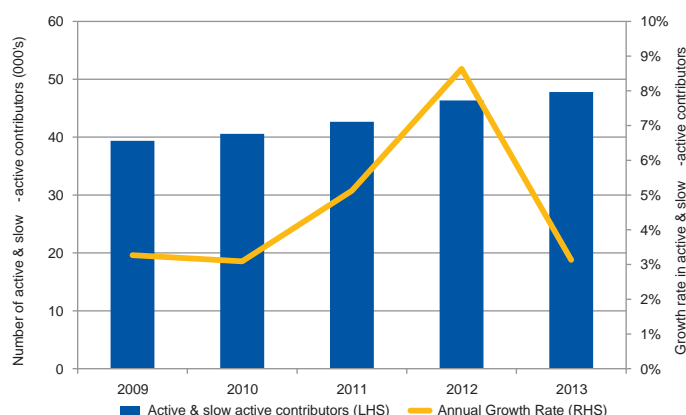
Employment

Labour market conditions moderated in 2013 after recording strong growth the year before. The outcome was consistent with the slowdown in the economy, particularly from the major sectors that drive employment. Various indicators also pointed to modest growth in employment during the year. Employment indicators from the Solomon Islands National Provident Fund (SINPF), showed total annual average active and slow active contributors had moderately increased by 3% to 47,785 workers in 2013 (see Figure 3.1). On quarterly basis, total active¹⁵ and slow active worker contributors slowed negligibly from 48,037 contributors in the December quarter of 2012 to 48,034 contributors at the close of 2013.

¹⁴ IMF World Economic Outlook, October 2013.

¹⁵ Active workers refer to those who have made contributions within 6 months after schedule date and Slow active contributors refer to contributions made to the Fund within 6-12 months after schedule date

Figure 3.1: SINPF Contributors
(Total Number and Growth of Contributors, Annual Average)



Source: CBSI & SINPF

The slowdown in the number of contributors was noted in the construction, logging, education, hotels, restaurants and retail trade industries whilst the number of contributors in agriculture, mining, manufacturing, fisheries and transport & communication services remained flat at the end of 2013. Muted gains in the number of contributors were noted, however, in the public administration and other social services sectors.

Consistent with this modest performance in the labour market, the CBSI 2014 annual industry consultations showed a marginal 1% increase in private sector employment over the course of 2013. The Ministry of Public Service also reported growth in the public sector workforce from 15,011 a year ago to 16,603 at end 2013.

The CBSI job advertisement survey showed a similar trend with job vacancies increasing by 12% in 2013 to 1,747. The increase was dominated by the education sector which accounted for 23% of the total vacancies, followed by public administration at 16%, donor advertisements at 13%, other community services and transport & communications at 7% each. All other sectors accounted for the remainder.

Seasonal worker programs also provided job opportunities for Solomon Islanders in 2013. Statistics provided by the Ministry of Foreign Affairs and External Trade revealed that the number of workers that went to work in Australia and New Zealand in 2013 reached 458 compared to 450 in 2012. Of the total, 42 worked under the Seasonal Workers Program offered by Australia and 416 under the Recognised Seasonal Employer Program offered by New Zealand.

Investment

Investment conditions in the country were upbeat in 2013 generating interests from foreign investors. During the year, the Foreign Investment Division approved 173 foreign investment applications worth \$1,116 million compared to 168 applications in the previous year amounting

to \$828 million. About 27% of the investment applications were 'other' services worth \$92 million, followed by wholesale and retail trade with 25% (\$97 million). Forestry, mining, and construction applications each accounted for 8% of total applications with investment values of \$69 million, \$144 million and \$59 million, respectively.

Proposed locations¹⁶ of these investments showed that 155 (90%) applications considered Honiara among other provinces as their intended location to carry out investments. The second highest was Guadalcanal with 67 applications, followed by Western province with 60 applications, Malaita 50 applications, Isabel 49 applications whilst Central, Renbel, Choiseul, Makira and Temotu with 48 applications each. Considering the origins of investors, Asian investors accounted for 45% of proposed investments, followed by Australian investors, which accounted for 21%, Pacific Island countries 18%, New Zealand 8% and Europe accounting for the remainder.

Production

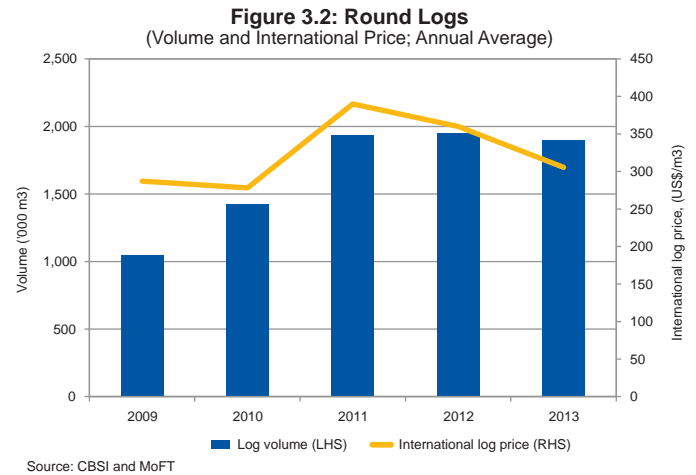
The CBSI quarterly production index¹⁷ for Solomon Islands major export commodities plunged significantly in the March quarter by 22% against December 2012. The drop reflected broad based downward trends across all primary commodities and was associated mainly with falls in export prices combined with large supply shocks to key commodities such as logs and gold. The sharp decline in the first quarter led to a fall in the average annual index by 9%. However, the quarterly index rallied strongly since the second quarter to 102 by year end, an increase of 37% against the March quarterly index and 7% against December 2012.

Forestry

Log production contracted by 3% to 1.897 million cubic meters in 2013 (see Figure 3.2). Of the 1.897 million cubic meters, plantation logs accounted for 64,000 cubic meters and the rest from natural forest. The weaker output was associated mainly with adverse weather conditions in the first quarter coupled with prices that fell persistently throughout 2013. However, log production rebounded in the second half with the December quarter recording the highest quarterly volume at 541,976 cubic meters. Improved weather conditions in the second half of the year supported this rebound.

Disaggregating the log volumes by provinces, Western province still accounted for the largest proportion with 38%, followed by Isabel province with 30%, Makira and Choiseul provinces each accounting for 8%, Renbel 7% and Guadalcanal 6%.

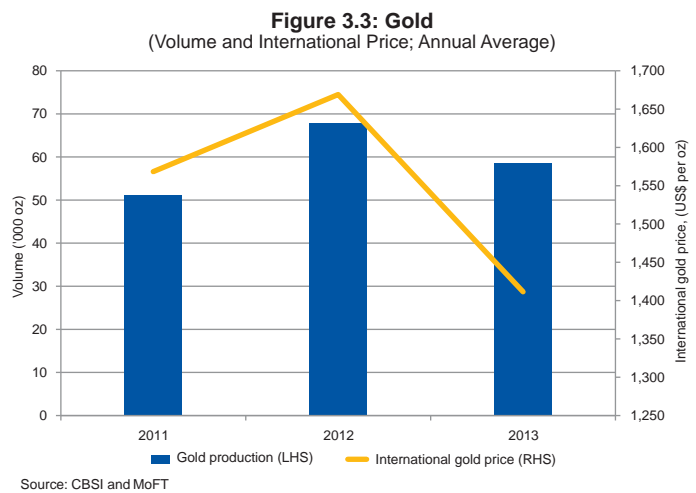
According to the World Bank¹⁸, the average international log price worsened to US\$305 per cubic meter in 2013 from US\$360 per cubic meter a year ago. The fall was sus-



tained since the previous year and the weakening demand for logs from Asian countries was the major driver.

Minerals

Gold production in 2013 stood at 58,690 ounces (oz) with 49% produced in the first half of the year whilst the second half accounted for 51%. This represented an under performance of 13% against previous year's output of 67,819 oz (see Figure 3.3). The low output in 2013 was due to a significant fall in the first quarter as a result of bad weather conditions coupled with refurbishment works at the mine site in the earlier part of the year, as well as land related issues. However, final quarter output slightly rebounded by 1% to 15,086 oz compared to 14,981 oz in the previous quarter. Against the same quarter a year ago, the fourth quarter was 17% above. Like gold, annual silver production fell by 24% against the previous year to 22,021 oz of which 51% was produced in the first six months and the remainder in the second half.



The average international price of gold deteriorated throughout the year to US\$1,412 per oz, a year-on-year decline of 15%. The price was even lower in the fourth quarter at US\$1,272 per oz, the lowest since the third quarter of 2010. The declining trend was due to speculations relating to the anticipated cut in the US Federal Reserve's bond purchases. Likewise, the average international price

¹⁶ In each of the FDI applications, applicants indicated that they would operate in more than one province.
¹⁷ CBSI production index is an indicator for domestic economic activities with 2012 as the base year
¹⁸ World Bank Commodities Price Data, Jan 2014

for silver remained subdued for the second year in a row, falling by 23% to US\$24 per oz from US\$31 per oz in the previous year. Similar to gold, silver prices fell consistently throughout the year. The low prices affected the profitability of the company and may force the company to cut costs where necessary to sustain operations.

In terms of employment, Gold Ridge Mining Limited (GRML) scaled down its employment levels by 8% to 840 employees compared to 910 workers in the previous year. Despite the decline in employment numbers, GRML is still a major employer in the country, the third largest after the Guadalcanal Plains Palm Oil Limited and Soltuna Limited.

Of the three mining licenses issued so far by the Department of Mines, two other companies apart from GRML have not yet started operation and had exceeded the time frame given under the license agreement as a result of legal and procedural hiccups. The Department of Mines recorded a fall in new applications for prospecting licences in 2013 as well as withdrawal of major prospecting companies. The review on the Mines and Energy Act is currently in progress and was considered necessary to improve the mining industry in the country.

Activities in the mining industry were still hampered by numerous challenges including illegal gold panning activities at the mine site, reoccurring land related issues, high tax rates and high extraction costs. The lack of adequate financial and human resource support was another ongoing challenge impeding the work of the Department of Mines to effectively perform their mandatory roles.

Fishing

Following a 4% increase in the previous year, fish catch contracted by 15% year-on-year to 24,876 tons at the end of 2013 (see Figure 3.4). The fall was attributed mainly to adverse weather conditions in the first half of the year as well as subdued international fish prices across 2013. Falling international fish prices, particularly in the fourth quarter, also contributed to the decline. During the second half of the year, fish catch improved accounting for over

two thirds (68%) of the total annual catch.

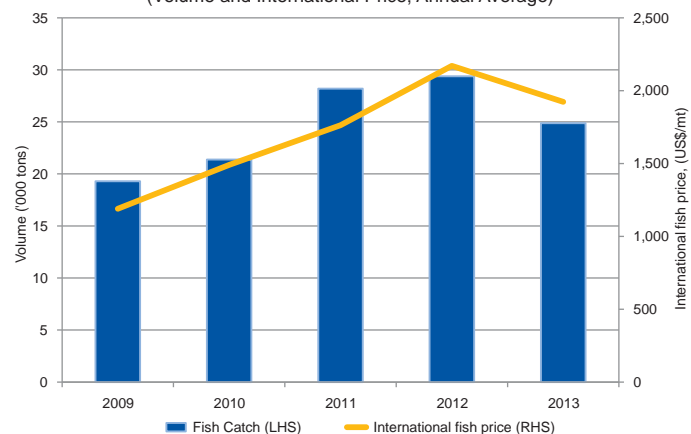
In contrast to the low fish catch, canned tuna production increased significantly by 51% to 688,821 cartons at the end of 2013, buoyed by an increase in the average throughput capacity at Noro cannery from 85 tons per day to 110 tons per day as of the third quarter of 2013. Of the total canned production in 2013, 47% was sold in the domestic market and 53% exported to other neighboring pacific island countries. Fish loin and fish meal productions reached record volumes in 2013 at 20,629 tons and 1,509 tons, respectively. The increase in fish loin production reflected high demand for loin in Europe.

The average international fish price contracted by 11% to US\$1,923 per ton in 2013 compared to US\$2,170 per ton a year earlier with prices having steadily declined throughout the second half of the year.

Palm oil

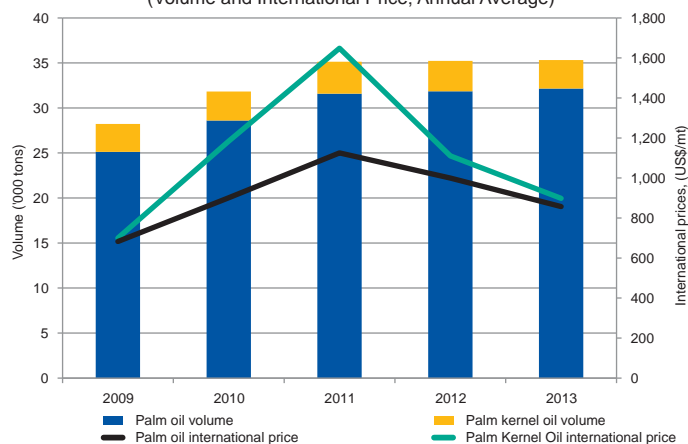
Palm oil output rose marginally by 1% to 32,154 tons (see Figure 3.5). The slight increase was due to improved extraction rates as a result of favourable weather conditions in the first half of the year despite a 2% fall in fresh fruit bunches. Against the previous year, palm kernel oil under performed by 6% to 3,173 tons. The increase in the numbers of smallholder farmers from 282 to 323 in 2013 helped to maintain the annual production amidst other challenges encountered during the year. In terms of production, small holder farmers accounted for 9.3% of total production.

Figure 3.4: Fish Catch
(Volume and International Price; Annual Average)



Source: CBSI and NFD

Figure 3.5: Palm Oil and Palm Kernel Oil
(Volume and International Price; Annual Average)



Source: CBSI and GPPOL

Following a 23% decline in 2012, average farm gate prices offered to smallholder farmers fell by another 26% to \$596 per ton compared to \$801 per ton in 2012. Export contract prices for both crude palm oil and kernel oil also dropped during the year despite the recovery in the second half of the year. Average contracted export prices for crude palm oil weakened by 18% to US\$870 per ton, mainly due to very low price level in the first half of the year. Despite that, contract prices started to recover in the second half of the year with a 3% uptick in the final quarter to US\$904

per ton against the previous quarter. The fall in contract prices for crude palm oil mirrored closely the international prices movements over the year. As expected, the annual international price went down by 14% to an average US\$857 per ton. However, against the previous quarter, this price level was 8% higher.

Similarly, annual contract prices for palm kernel oil fell by 17% to US\$1,136 per ton as a result of very low prices in the second quarter. However, this trend was reversed in the final quarter recording a high for the year at US\$1,281 per ton, up 15% against the third quarter. International prices followed similar trend with annual average prices falling by 19% to US\$898 per ton; however, quarter-on-quarter already witnessed a positive price movement of 22%. Palm products fetched premium prices in Europe, which cushioned against down time prices.

Lack of technical skills, weather related issues and poor infrastructure were major concerns for the industry. Meanwhile, GPPOL invested in staff training, providing support to small holder farmers, replanting to increase the plantation areas and ensuring quality control for premium products to mitigate some of these challenges. Furthermore, for the first time, the company paid out dividends to land owning tribes and revised several lease agreements. This has resulted in a positive outlook for the company's expansion and land acquisition plans.

Total plantation area in 2013 increased to 6,274 hectares (ha) from 6,114 ha in the previous year. As a result, the total area covered by matured trees rose to 5,261 ha while 1,013 ha were covered by immature plants. Small holder land area increased to 1,230 ha from 1,082 ha¹⁹ in 2012.

The Ministry of Agriculture and Livestock are pursuing plans to develop additional palm oil plantations at Vangunu, Waisisi, Auluta, Choiseul, Shortland Islands and Guadalcanal Plains. A significant progress among these sites was the purchase of a mini milling processing machine for Vangunu and nursery planting at Waisisi. However, lack of adequate funding and unresolved land disputes still remain the major challenges inhibiting the progress of these large agricultural development initiatives.

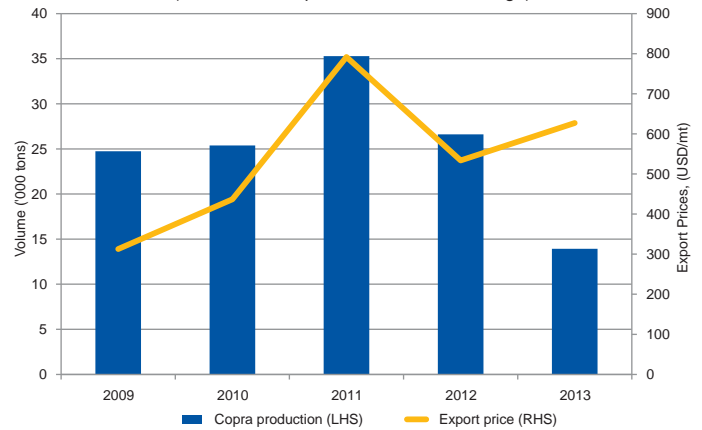
Copra & Coconut Oil

Copra production deteriorated further in 2013 by 48% to 13,922 tons, the lowest volume recorded since 2003 (see Figure 3.6). The declining trend was associated particularly with weak export and domestic prices in the first half of the year. The shift from copra to coconut oil production in some areas combined with ageing coconut trees also contributed to the fall. In terms of production by province in 2013, Guadalcanal province still accounts for the largest share at 31%, followed by Western province with 26%, Central province with 19%, Malaita with 9%, and the remaining provinces accounting for the remainder.

The average international price for copra declined in 2013

19 Revised from 1,924 ha in 2012

Figure 3.6: Copra
(Volume and Export Price; Annual Average)



Source: CBSI and CEMA

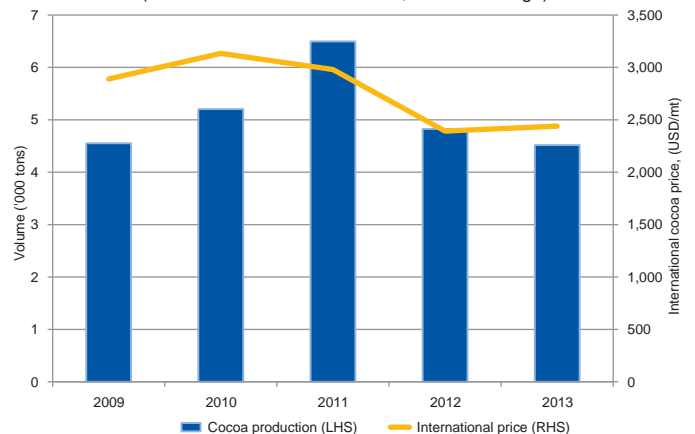
by 15% to US\$627 per ton. Consequently, the average contract export price also dropped by 27% to US\$420 per ton. As a result, the average domestic price for copra also decreased markedly by 20% to \$2.35 per kilogram in 2013. However, the contracted export price and local copra price bounced back in the second half to close the year at US\$525 per ton and \$3.07 per kilogram, respectively.

Coconut oil production in contrast, rose by 2% to 192 tons in 2013 from 189 tons in the previous year. During 2013, the number of coconut oil processing units increased to 43 units from 35 units last year, indicating growth in the number of local farmers producing coconut oil. Of the eight additional units, four units were in Malaita and four in Guadalcanal. The average international prices of coconut oil fell by 15% to US\$941 per ton in 2013, continuing on the 36% decline recorded last year.

Cocoa

Cocoa production dropped again this year by 6% to 4,519 tons as opposed to revised 4,826 tons in the previous year (see Figure 3.7). The fall was attributed to unusual weather patterns and yielding seasons in the first and final quarter of 2013. Similar to 2012, Guadalcanal province accounted for 50% of total production, followed by Malaita (26), and Makira (20%). The remaining 4% was attributed to Cen-

Figure 3.7: Cocoa
(Volume and International Price; Annual Average)



Source: CBSI and CEMA

tral, Western, Temotu and Isabel provinces.

Following a significant drop in the previous year, average international price for cocoa recorded a 2% rebound in 2013 to US\$2,439 per ton. On the same note, the contract price received by exporters also increased by 3% to GBP 1,338 per ton. As expected, domestic prices also improved by 5% to \$12 per kilogram by the end of 2013.

Cocoa planting increased during the year and remained as one of the important sources of livelihood for rural dwellers. According to the Ministry of Agriculture and Livestock (MAL), about 24,000 small holders (132,000 family members) engaged in cocoa for daily survival. It was estimated that 77% of cocoa income was captured by smallholders and processors.

The local cocoa industry experienced several major challenges including high freight costs, low productivity, subdued international prices, poor processing and the diversion of cocoa funds through other channels outside of MAL. All of these factors have long term impacts on the planned activities for the cocoa industry going forward. Nevertheless, MAL, with technical help from donor partners, formulated a 'value chain analysis' framework to help mitigate and address these issues.

Other commodities

Buoyed by sustained high demand from overseas buyers, kava production rose substantially by 46% to 9,795 kilograms in 2013. Of this, 5,510 kilograms were exported mainly to Kiribati. Isabel province was the main supplier of kava in 2013 though Guadalcanal, Malaita, Central, Temotu and Makira provinces have also raised their production in 2013. The price for kava roots dropped to \$60 per kilogram at end 2013 from \$70 per kilogram at the beginning of the year. The price for kava chips also dropped from \$50 per kilogram in the first half of 2013 to \$40 per kilogram by year end.

In contrast, coffee production contracted notably by 42% to 2,619 kilograms in 2013 from 4,542 kilograms last year, despite high local and overseas demand. The fall was due mainly to lower supplies from farmers. A total of 1,160 farmers were known to be involved in coffee farming of which 50% were from the Guadalcanal highlands followed by Isabel with 37% and Malaita at 13%.

Energy

The Solomon Islands Electricity Authority (SIEA) produced a total of 81,083 megawatt hours (MWh) in 2013, an 8% increase over 2012. As a result, total sales grew noticeably by 11%, reversing a 9% fall in the previous year. Sales to the domestic and government users rebounded notably by 71% and 19% to 14,161 Mwh and 8,761 Mwh, respectively. Conversely, units sold to commercial and other users weakened further by 2% and 5% to 37,727 Mwh and 814 Mwh respectively as some big users of electricity have been licensed to generate their own power.

In its ongoing efforts to increase generation capacity in

2013 as well as provide reliable and efficient power supply in Honiara, SIEA installed a new 33 kilovolts power cable between Ranadi and Lungga along with a new 1.5 MW generator for the Honiara power house.

SIEA tariff charges increased across 2013 as part of the institutional reform initiatives that were undertaken to improve the utilities sector. Average domestic tariff prices rose 2% over the year from \$5.96 per kilowatt hours (KWh) to \$6.10 per KWh by end 2013. Over the same period, tariff charges in the commercial and industrial categories, on average, also increased from \$6.40 per KWh and \$6.14 per KWh to \$6.56 per KWh and \$6.39 per KWh, respectively. Regional comparisons showed Solomon Islands has the highest per kilowatt cost among the Pacific Island countries. Thus, having alternative sources of energy would help lower this cost.

The Ministry of Mines, Energy and Rural Electrification (MMERE) confirmed that the preparatory phase including feasibility studies, environmental impact assessment, and a traditional land identification process of the Tina Hydro project were completed by the end of 2013. Expressions of interests for international tender will be issued in the first half of 2014. The project is expected to be completed in early 2017.

Tourism

The tourism industry is one of the potential sectors in the Solomon Islands economy going forward. Visitor arrival numbers for the year, as measured by air travelers, fell marginally by 1% to 24,124 arrivals. Despite the fall, visitors travelling to the Solomon Islands by boats and cruise ships improved over the previous year to 2,774 people in 2013. Various accommodations including hotels, resorts, and rest homes around the country improved considerably through the diversification of capital investment and operations, reflecting the positive outlook in this sector.

According to the International Visitors Survey (IVS), almost half (46.3%) of the tourist arrivals to the Solomon Islands were from Australia, followed by Asian tourists with 11%, Papua New Guinea and other Pacific Islands each represented 8%, whilst the remaining 27% were from other countries. Of the total visitor arrivals, 41% were attracted by the traditional culture of Solomon Islands, whilst 36% were attracted by the friendliness of local people. In terms of leisure activities, 38% of tourists destined to the Solomon Islands for swimming and snorkeling while 30% were here for sightseeing and cultural tours. More than 50% of tourists stayed in hotels and resorts, which was also the preferred type of accommodation amongst holiday and business tourists; 16% stayed in private accommodation, mainly comprising of tourists visiting families and relatives, whilst 12% stayed in guest houses and 'bed and breakfast' accommodation. The average length of stay for all tourists is fifteen (15) nights with an average spending of \$1,410 per night.

The Government, with the support of donor partners, showed commitment in progressing key infrastructure

projects that can boost tourism activities in the country in the medium to long term. These key projects include the upgrade of Munda International Airport, building of roads, bridges, and wharves throughout the country, and provision of hospitality trainings.

Transportation

Activities in the transport industry expanded in 2013. Air passenger numbers grew by 7% from 118,929 passengers to 126,916 in 2013. This was supported by improved airline services as well as ongoing programs, events and business meetings that the country hosted in 2013. Consistent with strong trading activities during the year, total cargo volumes handled by the Solomon Islands Ports Authority (SIPA) rose 5% to 730,127 tons at year end, reversing the 17% fall a year earlier.

The Government, with the support of multilateral donor agencies, utilised resources available under the National Transport Fund (NTF) to complete maintenance work and construction of infrastructure projects across the country. A total of five wharves were completed at the end of 2013 mainly in the Western, Central, Malaita, Guadalcanal and Choiseul provinces. These wharves along with the bridges and roads that were also built under the NTF will greatly boost activities in the transport industry as well as generating a lot of positive spillover benefits to other sectors of the economy.

In terms of domestic shipping services, a total of 196 vessels were registered and serviced the islands in 2013. Of these 196 vessels, 8 vessels were contracted under the Franchise Shipping Scheme to serve the uneconomical remote routes in the country. The franchise scheme was funded by ADB and is expected to end in 2015 leaving a vacuum for alternative arrangements.

Telecommunication

The telecommunications industry recorded a moderate improvement in 2013 compared to significant growth in the previous two years. Total mobile subscribers increased by 7% to 323,105 in December 2013 following a large expansion of 93% a year ago. The lower growth was expected as the previous year was compared to a very low baseline. The main mobile usage indicator²⁰ showed a similar trend with a 7% increase in 2013 after posting a marked growth of 37% a year ago. Internet usage²¹ witnessed a much stronger growth of 22% though this was still comparatively lower against 46% rise in 2012.

The positive progress achieved so far reflected multi-year development plans of the industry operators to improve connectivity and network coverage. Both operators planned to roll out more towers across the country in 2014. Other stakeholders have used mobile phone technology to advance the provision of their services. Banks used mobile phone technology in the mobile banking and 'in-store' banking initiatives while the Meteorology Department

and Maritime Office are now informing the public about weather and shipping reports via text messages.

The undersea cable project is still in progress although the initial plan and timing did not turn out as expected. Meanwhile, Solomon Oceanic Cable Company (SOCC), together with the national government and donor partners, are optimistic of striking a deal in 2014. This project if implemented will significantly reduce communication costs as well as enhancing the speed and reliability of communication services in the country.

Manufacturing

Reflecting sustained domestic demand conditions during the year, the manufacturing index rose by 6% to 207 in 2013. Positive growth was noted in all manufactured products, notably, food, drinks, alcohol and tobacco products. Manufacturing activities for export items went up by more than two-fold whilst manufactured products for domestic sales rose 11%.

Out of the four FDI applications for manufacturing approved in 2013, two were for food manufacturing whilst the other two were for textile manufacturing.

Construction

Activities in the construction sector remained buoyant in 2013 supported by government and donor funded projects and private sector growth. Outsourcing of construction activities by the Government to private sector resulted in improvement in the construction industry. The acceleration is also consistent with an annual increase in approved foreign investments in the construction sector to 14 recorded over the year. Imports of merchandise goods, which include building materials, also exhibited an improvement reflecting strong construction related activities in 2013.

Total permits issued by Honiara City Council in 2013 rose by 13% to 128. Residential permits accounted for 52% of the total permits issued, followed by commercial with 27% whilst the remaining 20% was for 'other' purposes. In terms of value, total worth of permits for 2013 fell by 9% to \$117 million compared to \$128 million in the previous year. This was driven by declines in the value of commercial and other permits by 38% to \$60 million and by 25% to \$2 million respectively. On the other hand, the value of residential permits significantly rose by 80% to \$55 million.

In terms of Government projects, major public infrastructure projects undertaken during the year included construction and rehabilitation work on roads, airports and general infrastructures that helped boost activity in this sector.

Inflation

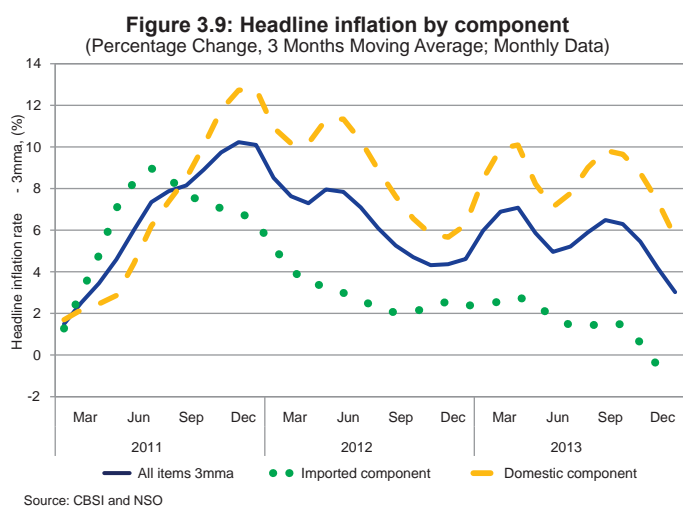
Headline inflation slowed down from 4.6% in 2012 to 3% at the end of 2013 (see Figure 3.9). The slowdown was driven mainly by both the imported and domestic compo-

²⁰ This indicator uses the number of minutes that mobile subscribers used.

²¹ Internet usage is measured by the volume of data that internet subscribers used.

nents of inflation, which eased from 2.4% and 6.3% to minus 0.9% and 5.7%, respectively during the year. The fall in the index for the imported component mainly reflected a substantial decline in the food category, which fell to minus 0.5% in 2013 from 1.1% in the previous year. Modest falls in the 'housing & utilities' and the 'transport & communications' categories also contributed to the drop.

Overall, out of the 3% inflation recorded for December 2013, 1.3% came from food inflation, 0.7% came from

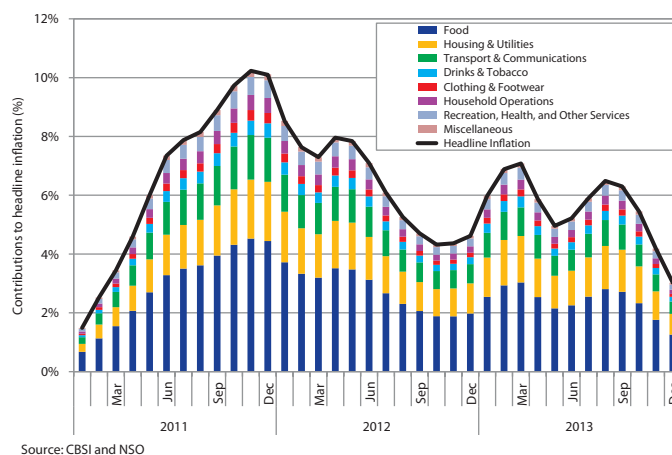


housing and utilities price increases, 0.4% from the transport and communications price increases and 0.2% from drinks and tobacco price increases.

The inflation rate for domestic food fell from 2.4% to 2.1% in 2013, whilst the housing & utilities category remained unchanged at 1.7% as in 2012. The transport & communications category fell from 0.9% in 2012 to just 0.8% at end 2013. Furthermore, average retail fuel prices fell gradually across 2013 from \$11.53 per liter at the beginning of the year to \$11.28 per liter by the close of 2013 consistent with falling international oil prices during the year.

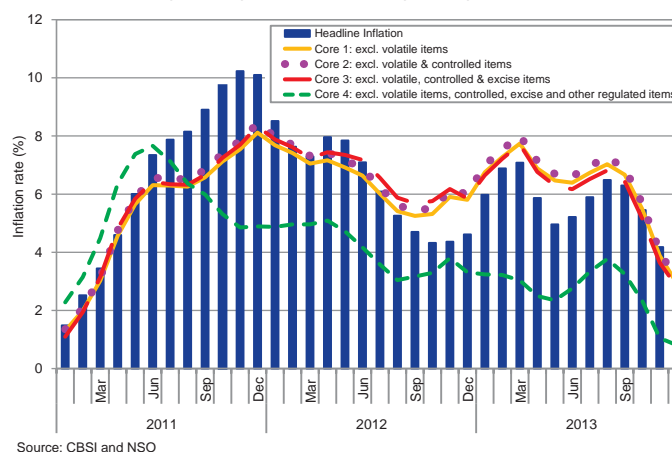
The Solomon Islands National Statistics Office started publishing core inflation measures for the country in the November 2013 bulletin. The four exclusion measures

Figure 3.10 Contributions to Headline Inflation
(Percentage Change, 3 Months Moving Average; Monthly Data)



based on a three months moving average showed inflation was also 3% in December 2013 (see Figure 3.11). The similar outcomes for December suggest that a broad range of the CPI items were relatively more stable during the reviewed period. The core measure excludes the cost of

Figure 3.11 Headline and Core Inflation Measures
(Percentage Change, 3 Months Moving Average; Monthly Data)



volatile items (mainly fruits, vegetables, fresh seafood, betel nut and fuel), price control items (first grade tuna, bus fares, and taxi fares) and excise items (alcohol and tobacco excise duties).

Chapter IV. BALANCE OF PAYMENTS

Balance of Payments

Solomon Islands' external position improved in 2013 with gross foreign reserves reaching another record high from the historical growth since 2009. Gross foreign reserves elevated to \$3,909 million in 2013, 7% up from \$3,668 million in 2012. This was sufficient to cover 11.2 months of imports of goods and services. The positive performance was built on net transaction inflows of \$431 million but thwarted by exchange rate revaluation losses as the Solomon Islands dollar strengthened against the USD and AUD during the year. The net inflow also signified an overall balance of payment (BoP) surplus position. This surplus outcome was largely driven by donor cash inflows reflected in the surplus balance of the secondary income and capital accounts.

Table 4.1: Balance of Payments Summary (SBD million)

	2011	2012	2013
1. Net Current and Capital Accounts*	76	717	(64)
2. Net Financial Account*	(203)	506	(20)
3. Net errors and omissions	(279)	(211)	44
Official Reserves at end of period	3,034	3,668	3,909
* Lending (+)/Borrowing (-)			

Source: CBSI

The BoP account in 2013 showed a net 'current and capital account' deficit of \$64 million. This reversed the net surplus of \$717 million recorded in 2012. The negative outcome resulted from the net deficit of \$164 million and \$78 million registered in the first and third quarters, respectively. This was driven by deficits in trade in goods, services and primary income which outweighed the surplus on secondary income and capital transfers on higher receipts, particularly in the second and fourth quarters.

The net 'current and capital account' deficit registered in 2013 was financed through foreign direct investments (FDIs) rather than through the depletion of the country's gross foreign reserves. This was reflected in the contra side of the BoP account, in particular the financial account, which showed a net borrowing of \$20 million as opposed to the net lending of \$506 million in 2012.

Current Account

The current account balance posted a deficit of \$668 million in 2013. This was a significant reversal from the small surplus of \$6 million (revised) recorded in 2012. The outcome was driven by the widening deficits in the primary income of \$653 million, trade in services of \$597 million and trade in goods of \$168 million. These deficits outweighed the surplus of \$750 million in the secondary income. The current account deficit was equivalent to 9% of the country's gross domestic product (GDP) and was financed largely by FDIs and capital inflows from donors.

The current account deficit implied that national savings declined relative to national investments²², driven mainly by the private sector's lower domestic savings compared to their domestic investments. The gap was estimated at 11% of GDP²³, resulting in an additional financing from their parent companies abroad (FDI inflows) through re-invested earnings, capital investments, and intercompany debts. On the public sector side, government savings were higher in relation to its investments as donors played a key role in general budget support and capital investment projects. This was also reflected on the surplus balance of the government budget in 2013 of around 2% of GDP.

Trade in Goods

Trade in goods dropped significantly to a deficit of \$168 million in 2013 compared to a surplus of \$347 million recorded in 2012. This outcome reflected the 11% fall in exports to \$3,212 million against the 3% growth in imports to \$3,380 million during the year.

Table 4.2: Trade in Goods (SBD million)

	2011	2012	2013
Balance on Trade in Goods	(46)	347	(168)
Exports FOB	3,174	3,628	3,212
Imports FOB	3,220	3,281	3,380
Total trade (Exports + Imports)	6,393	6,909	6,591
% total trade to NGDP	103	103	90

Source: CBSI

The weak performance in the export sector was driven largely by lower export volumes, particularly during the first three quarters of the year combined with soft commodity prices in international markets throughout the year. However, exports rebounded in the fourth quarter to \$891 million surpassing imports of \$856 million. This resulted in a surplus of \$35 million in trade in goods driven largely by higher receipts on round logs and fish exports in the fourth quarter.

Round log export receipts fell by 4% to \$1,552 million in 2013 compared to 2012 (see Figure 4.1). This was driven to a large extent by both lower log export volumes and weak international log prices during the year reflecting weaker demand from People's Republic of China. Overall, round log exports still remained the largest component of export share, making up 48% of total exports in 2013 (see Figure 4.2). More than 90% of total log exports were shipped to the People's Republic of China. Exports of sawn timber also fell by 14% to \$81 million reversing the upward trend seen in recent years. This came mainly from weak

²² The current account balance (CAB) in relation to the national income identity indicates the gap between national savings and investments, savings less investments (S-I). CAB therefore is the sum of (S-I) from the public sector and (S-I) from the private sector. $CAB = (S-I)_{private} + (S-I)_{public}$

²³ $(S-I)_{private} = CAB - (S-I)_{public} = 9\% - +2\% = -11\%$. Public sector (S-I) of 2% was calculated directly from the overall government budget.

timber prices. Sawn timber prices on average fell by 2% to USD853 per cubic meter during the period. Timber earnings accounted for 3% of total exports in 2013.

Mineral export receipts in 2013 dropped significantly on 2012 levels, falling by 27% to \$624 million. This resulted from the fall in gold prices attributed to the slowdown in demand in international markets. Lower gold production throughout the year also pushed down annual gold export

lion to account for 66% of total fish exports in 2013. The increased production capacity by the largest fish processing company, Soltuna Limited, during the second half of the year contributed to this significant increase. Export earnings from canned tuna also increased by 16% to \$41 million due to higher demand from other Pacific Island Countries. Meanwhile, frozen tuna exports dropped by 49% to \$113 million due to falling fish prices and lower exported volume as more than half of the fish catches were processed domestically. In total, fish exports accounted for 14% of total exports in 2013. In terms of export destinations, loins were exported to the European Union, frozen tuna to Thailand, and canned tuna to Fiji, Vanuatu and other Pacific Islands Countries.

Palm oil and kernel oil exports in 2013 fell by 19% to \$225 million. This was driven mainly by the decline in export contract prices for the country's palm and kernel oil exports. The decline is consistent with the weak international commodity prices. Total palm oil export volumes rose by 1% to 34,822 tons of which 90% of the volume was crude palm oil and the other 10% was palm kernel oil. Overall, palm oil and kernel oil export receipts represented 7% of total exports in 2013. Around 42% of palm oil and kernel oil exports were exported to Netherlands, 28% to the United Kingdom, and 24% to Spain.

volumes by 13% to 58,690 oz. This emanated from productivity issues faced by the mining company, replacement of capital equipment, and poor weather conditions, particularly during the first quarter of the year. Mineral exports remained the second largest export commodity making up 20% of total exports in 2013 and were exported mostly to Australia.

Fish exports receipts increased by 7% to \$453 million in 2013 compared to 2012. This was due largely to higher tuna loin exports, which increased by 82% to \$299 mil-

Copra and coconut oil export receipts dropped by 48% over the year to \$66 million in 2013. Copra made up around 65% of the export receipts whilst coconut oil accounted for the remaining 35%, up from the 7% share in 2012. The increase in the coconut oil export component reflected the improvement in downstream processing of coconut oil. The negative outcome in export receipts was driven by the fall in copra export contract prices and lower copra production during the year. Furthermore, export volumes significantly declined by 47% to 14,355 tons due to lower production and increasing downstream processing of turning copra into higher value coconut oil. Meanwhile, coconut oil export receipts during the year more than doubled from \$9 million in 2012 to \$23 million attributing to higher volumes exported despite the fall in coconut oil prices. Around 62% of copra and coconut oil exports were shipped to the Philippines and 14% to Australia.

On the other hand, cocoa exports receipts during the year increased by 5% on 2012 levels to \$69 million. This came mainly from favorable cocoa contract prices and export volume during the period. Around 70% of cocoa exports were shipped to Malaysia and 29% to Indonesia. Cocoa exports accounted for 2% of the country's total exports.

Other exports receipts rose by 50% to \$64 million in 2013 due largely to one-off exports of beche-de-mar products in the second and third quarters. Re-exports, on the other hand, fell to \$38 million in 2013. This resulted from a one-off expatriation of used machineries in 2012. Re-exports also included scrap metals and imported items that were re-exported to other small Pacific Island countries.

Figure 4.1: Exports over time, 2009-2013
(Value of Exports; Annual Data)

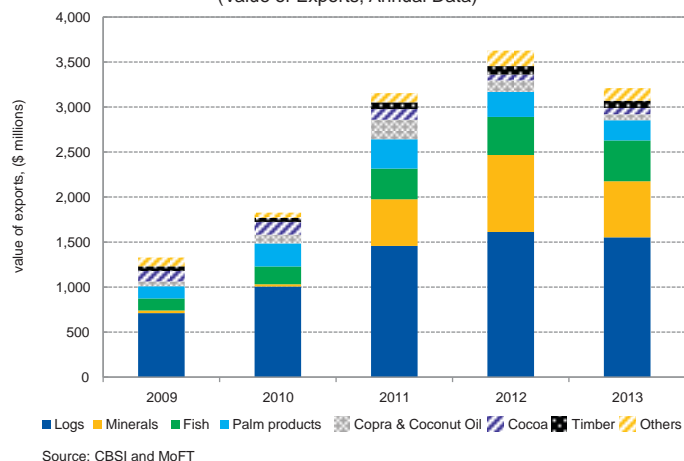
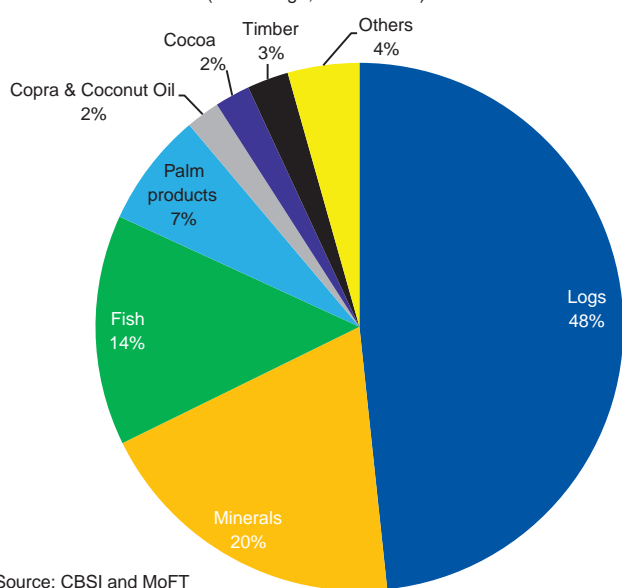


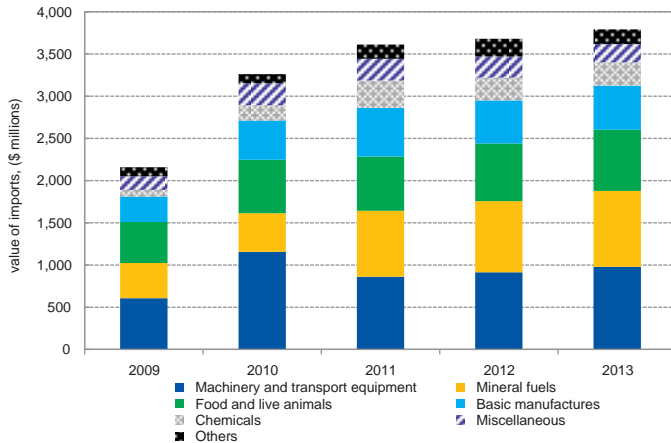
Figure 4.2: Exports by Share, 2013
(Percentage; Annual Total)



Source: CBSI and MoFT

Total imports (f.o.b)²⁴ grew by 3% to \$3,500 million in 2013 compared to 2012 (see Figure 4.3). This was attributed to an increase in almost all import categories reflecting the growth in domestic demand for imports and the country's continued dependency on imports. To a lesser extent, the appreciation of the Solomon Islands dollar against its major trading currencies also contributed to this outcome. Bulk of the imports to the Solomon Islands in 2013 came from Australia, Singapore and People's Republic of China.

Figure 4.3: Imports over time, 2009-2013
(Value of Imports; Annual Data)



Source: CBSI and MoFT

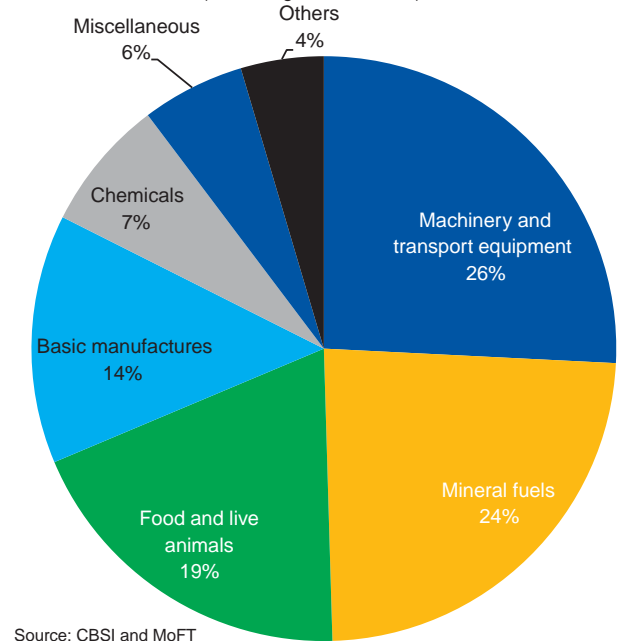
Machinery and transport equipment import payments in 2013 increased by 7% on 2012 levels to \$978 million. This was due to higher imports of vehicles, general industrial machineries for the mining, logging and power industries, and equipment for the communication industry. Machinery and transport equipment accounted for the largest share of imports to the tune of 26% in 2013 (see Figure 4.4).

Similarly, mineral fuel and lubricant import payments witnessed an annual increase of 7% to \$900 million and accounted for 24% share of total imports during the year. Fuel imports represented around 90% of total mineral fuel imports while lubricant and other petroleum products such as gas accounted for the remaining 10%. The higher fuel imports resulted from higher volumes imported to meet the local demand and support domestic economic and industrial activities. Consistent with falling global oil prices, Tapis crude oil prices fell by 2% to an average US\$113 per barrel. The slight fall in oil prices during the year combined with the strengthening of the Solomon Islands dollar against the USD enabled fuel importers to import higher volumes. Fuel imports were sourced from Singapore while lubricants and gas from Australia and Malaysia.

Food import payments, which accounted for 19% of total imports, grew by 6% to \$725 million in 2013. This outcome reflected higher imported volumes driven by strong domestic demand. Growth came from the three largest food

²⁴Total imports are reported as imports f.o.b (free on board). This excludes insurance and freight costs. However, import categories such as food and fuel are recorded at cost, insurance and freights (c.i.f)

Figure 4.4: Imports by Share, 2013
(Percentage; Annual Total)



Source: CBSI and MoFT

import components, namely cereals, meat and miscellaneous food items. Cereal products, which includes rice and wheat imports accounted for the largest food import share of 47% and recorded a year-on-year increase of 6% to \$342 million. This was due to higher rice imports as the price of California medium grain-rice fell by 10% to an average of USD674 per ton in 2013. Meat products, the second highest component increased by 13% to \$93 million, owing in large part to increased import of chicken wings during the year. This was followed by miscellaneous food items such as noodles, which rose by 24% to \$72 million during the year.

Basic manufactures import payments, accounting for 14% of total import payments increased by 3% to \$522 million in 2013 against 2012 levels. This was due to increases in manufactured metals, paper and rubber products, and clothing textiles. Chemical imports grew by 2% over the year to \$277 million attributing to the increase in inorganic chemicals, medicines and pharmaceutical products. Beverage and tobacco imports increased slightly from \$55 million to \$56 million, crude materials from \$37 million to \$48 million and animals/vegetable oils and fats from \$16 million to \$18 million during the year. Meanwhile, miscellaneous items dropped from \$251 million to \$216 million while unclassified imports fell from \$42 million to only \$5 million due to one-off import payment of the country's newly introduced coins in 2012.

Trade in services

The balance on trade in services further deteriorated in 2013 to a deficit of \$597 million. This negative outcome emanated from the 2% fall in services credits (receipts) to \$979 million relative to a 5% increase in services debits (payments) to \$1,575 million. The deficit reflected a high dependence on various services from abroad as residents

lack the capacity to provide computer and information technology services, construction, and professional and management business services.

Table 4.3 Balance of Payments - Service Account (SBD million)			
	2011	2012	2013
Balance on Trade in Services	(371)	(507)	(597)
Credit	1,051	999	979
Transport	204	229	209
Travel	543	492	505
Other	304	277	264
Debit	1,422	1,505	1,575
Transport	382	378	392
Other	546	627	705

Source: CBSI

The decline in services credit in 2013 was largely driven by the fall in transport and other services credits offsetting the slight increase in travel services credit. Transport services credit fell by 9% to \$209 million following a drop in freight and other receipts despite the small increase in passengers' fares during the year. Other services credit fell by 5% to \$264 million, largely due to the fall in telecommunications, financial, government services and personal, cultural and recreational services. In contrast, receipts from travel services grew by 3% to \$505 million attributed to increases in both business and private travel receipts that were in line with the rising number of visitors' arrival for work related businesses and personal visits.

The rise in services debit in 2013 was largely driven by the increase in other service and transport services payments that outweighed the decline in travel services payments. Other services payment rose by 12% to \$705 million driven by increases in government services, construction, computer and information technology services, royalties and licenses, professional and management services and other business services. Transport services debit grew slightly by 4% to \$392 million and was associated mainly with freight payments that rose from \$338 million to \$347 million as a result of higher imports during the year. However, travel services debit dropped by 4% to \$478 million during the period. This came mainly from the 7% decline in personal travel payments to \$264 million attributing to lower number of residents travelling abroad for non-educational purposes. In contrast, travel payments abroad for educational purposes more than doubled in 2013 to reach \$61 million.

Primary income:

The primary income account deficit widened further by 10% to \$653 million in 2013. The deterioration was due to a 4% increase in primary income debits to \$848 million and 11% fall in primary income credits to \$195 million.

Table 4.4 Balance of Payment - Primary Income Account (SBD million)			
	2011	2012	2013
Balance on Primary Income	(1,031)	(593)	(653)
Credits	198	220	195
Compensation of Employees	8	11	9
Investment income	80	116	83
Direct investment	31	25	25
Portfolio investment	4	32	11
Other investment	4	1	1
Reserve assets	42	58	45
Other primary income	111	93	103
Debits	1,230	813	848
Compensation of Employees	39	44	57
Investment income	1,191	768	791
Direct investment	1,027	620	721
Portfolio investment	-	-	-
Other investment	164	149	70
Other primary income	-	-	-

Source: CBSI

The drop in primary income credits came from the declines in investment income and compensation of employees. Inflows from investment income declined from \$116 million to \$83 million due to lower returns earned on reserve assets and portfolio investments abroad. Receipts on compensation of employees dropped from \$11 million to \$9 million. Meanwhile, other primary income receipts rose from \$93 million to \$103 million owing to fishing license fees received from distant water fishing nations to fish in the country's exclusive economic zone.

The rise in primary income debit was driven by higher payments on investment income and compensation of employees. Investment income outflows increased to \$791 million in 2013 from \$768 million in 2012 while compensation of employees rose to \$57 million from \$44 million over the same period. The increase in investment income payments came mainly from direct investment income (FDI income) outflows, which increased by 16% to \$721 million. This was associated with higher reinvested earnings particularly in the first and last quarter of 2013. Meanwhile, other investment income outflows fell by 53% to \$70 million as a result of lower interest payments on external loans from the Government and the private sector.

Secondary Income

The balance on the secondary income (current transfers) posted a surplus of \$750 million in 2013, dropping slightly by 1% from the \$759 million surplus in 2012. The lower surplus resulted from a 6% fall in secondary income cred-

its (inflow) to \$1,040 million, which outweighed the larger fall in secondary income debits (outflow) by 15% to \$290 million.

	2011	2012	2013
Balance on Secondary Income	985	759	750
Credits	1,458	1,102	1,040
General government	1,258	847	808
Deposit-taking corporations and other sectors	200	254	232
Personal transfers	101	115	111
Other current transfers	99	139	121
Debits	472	343	290
General government	2	44	20
Deposit-taking corporations and other sectors	471	298	270
Personal transfers	471	298	270
Other current transfers	-	-	-

Source: CBSI

The fall in secondary income credits resulted from the declining inflows from both general government and 'deposit-taking corporations and other sectors' (private sector). General government inflows dropped by 5% to \$808 million attributed to falls in donors' technical assistance (TA) and aid-in-kind. Inflows from TA fell by 12% to \$412 million, reflecting the winding down of TA activities of completed donor projects cycle while aid-in-kind fell by 13% to \$56 million. In contrast, aid-in-cash for general government budget support increased by 8% to \$340 million. Inflows from deposit-taking corporations, specifically private current transfer receipts also fell by 9% to \$232 million driven by declining transfers to NGOs, churches, and other personal transfers.

The 15% drop on the secondary income debits was due to the fall in general government transfer payments to international and regional organisations from \$44 million to \$20 million. Private sector transfer payments also dropped by 10% to \$270 million, reflecting a declining outflow of workers' remittances from long-term foreign employees in the country.

Capital Account

The capital account fell by 15% to \$604 million in 2013, which entirely came from general capital transfer receipts by donors to the general government. The decline reflected exceptionally high donor inflows in 2012 for large donor projects including bridges, wharfs and market facilities that were completed in 2012. However, the capital transfers in 2013 were still relatively higher than in 2011 and indicative of development partners' ongoing commitment to assist with the financing of the Solomon Islands capital budget.

	2011	2012	2013
Balance on Capital Account	539	710	604
Credit	539	710	604
Capital transfers	539	710	604
General government	539	710	604
Private sector	-	-	-
Debit	-	-	-

Source: CBSI

Financial Account

The financial account registered a 'net borrowing' of \$20 million in 2013, overturning the 'net lending' of \$506 million in 2012. This resulted from the substantial increase in financial liabilities (inward flows), which more than doubled to \$662 million, and surpassed financial assets (outward flows), which dropped by 20% to \$642 million.

	2011	2012	2013
Balance on financial account.*	(203)	506	(20)
Asset	1,544	798	642
Direct investment abroad	29	19	12
Portfolio investment	(4)	24	(16)
Other investment	381	173	215
Reserve assets	1,138	581	431
Liabilities	1,747	292	662
Direct investment (FDI)	1,119	502	769
Portfolio investment	(4)	(16)	(5)
Other investment	632	(194)	(102)

* (+) is net lending & (-) is net borrowing

Source: CBSI

The fall in financial assets was primarily attributed to the 26% drop in reserve assets to \$431 million in 2013. This reflected lower financial transaction receipts from export receipts and cash inflows from donors. Direct investments inflows also dropped from \$19 million to \$12 million and portfolio investments from \$24 million to minus \$16 million. The negative movement in the portfolio investments reflected a draw down in the stocks of portfolio investment assets. Other investment assets, however, increased by 24% to \$215 million, arising from increased trade credits and other accounts receivable during the year.

The significant increase in financial liabilities mainly stemmed from foreign direct investment (FDI) inflows increasing by 53% over the year to \$769 million as a result

of increasing capital and equity investment, reinvestment of earnings, and inter-company debts. Other investment liabilities narrowed to minus \$102 million from a minus \$194 million in 2012. The improvement reflected repayments by firms on their offshore liabilities including external loans and trade credits payable.

International Investment Position (IIP)

The net international investment position (net IIP)²⁵ recorded a net borrowing of \$5,817 million at the end of 2013. This increased by 4% from the net borrowing of \$5,589 million at end of 2012. The net liability position reflected the country's dependency on the influx of foreign capital and investment equity for its economic development. The widening of the IIP net borrowing during the year was attributed to a \$566 million increase in financial liabilities to \$10,866 million relative to the \$337 million increase in financial assets to \$5,049 million.

The increase in the stock of financial assets came on the back of increasing stock of reserve assets by 7% to \$3,909 million, growth in stock of direct investments by 7% to \$283 million, and 15% increase in other investment assets to \$744 million. Stock of portfolio investment, however, fell by 14% to \$114 million in 2013. The changes in these stocks reflected the transaction flows highlighted in the financial account and other valuation changes.

The increase in stock of financial liabilities mainly resulted from direct investment liabilities (FDI stocks) rising by 11% to \$7,655 million. This came from increasing FDI inflows during the year as highlighted under the corresponding account in the financial account. Meanwhile, stocks of other investment liabilities declined by 6% to \$3,200 million as a result of external loan repayments by the government and the private sector. Similarly, stock of portfolio investments declined from \$16 million to \$11 million reflecting a draw down during the year.

Gross External Debt

Total external debt position²⁶ for the country was \$5,568 million at end of 2013. This fell slightly by 2% from \$5,660 million at the end of 2012. The reduction was driven by repayments made by the Government, deposit-taking corporations and the private sector during the year.

The external debt position from general government fell by 5% to \$743 million at end of 2013. This was due to the government principal repayments of \$47 million to its external loans and no further borrowings from overseas development partners during the year. External debt from deposit-taking corporations fell by 3% to \$97 million. This fall was due to higher settlements in the first half of 2013 offsetting external debts obtained during the second half of 2013. Other sectors' external debt position fell by 4% to \$2,248 million at the end of 2013. These were external

debts obtained by private sector companies from non-residents other than from parent companies. The reduction resulted from net payments during the course of the year.

	2012	2013
Gross External Debt Position	5,660	5,568
(i) General Government	784	743
(ii) Central Bank	254	257
IMF SDR allocation	111	112
IMF SCF	143	145
(iii) Deposit-Taking Corporations, except the Central Bank	100	97
(iv) Other Sectors 1/	2,340	2,248
(v) Direct Investment: Intercompany Lending 1/	2,183	2,222

*The gross EDS were compiled into institutional sectors during Q3 2013 based on IMF EDS Guide 2012 manual. The data were only reviewed and revised back to Q4 2012 at the time of this reporting.

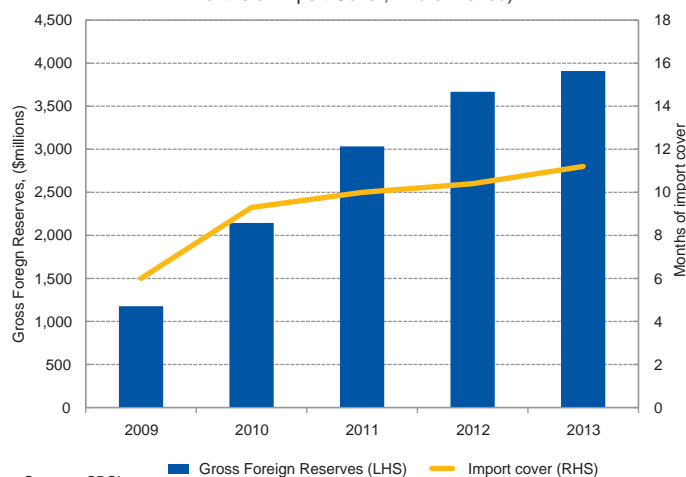
1/ provisional
Source: CBSI

However, intercompany lending increased by 2% to \$2,222 million at end 2013 from \$2,183 million at end of 2012. This was a direct result of parent company abroad lending to its shareholding company in the Solomon Islands. On a similar note, the external debt position of the Central Bank also increased to \$257 million at end 2013 from \$254 million at end 2012 due to exchange rate movements.

Gross Foreign Reserves

The country's gross foreign reserves increased by 7% to \$3,909 million (US\$529 million) from \$3,668 million (US\$498 million) at the end of 2012 (see Figure 4.5). The accumulation was driven largely by net transaction inflows of \$431 million attributed to donor cash inflows, other primary income receipts relating to fishing licences and round log export receipts particularly during the fourth quarter. Meanwhile, the moderate rate of increase

Figure 4.5: Gross Foreign Reserves and Import Cover
(Value of Gross Foreign Reserves and Months of Import Cover; End of Period)



Source: CBSI

²⁵The international investment position (IIP) is the country's external sector balance sheet. It records stock of external financial assets and liabilities at a point in time. Net IIP borrowing position is when the stock of financial liabilities exceeded the stock of financial assets.

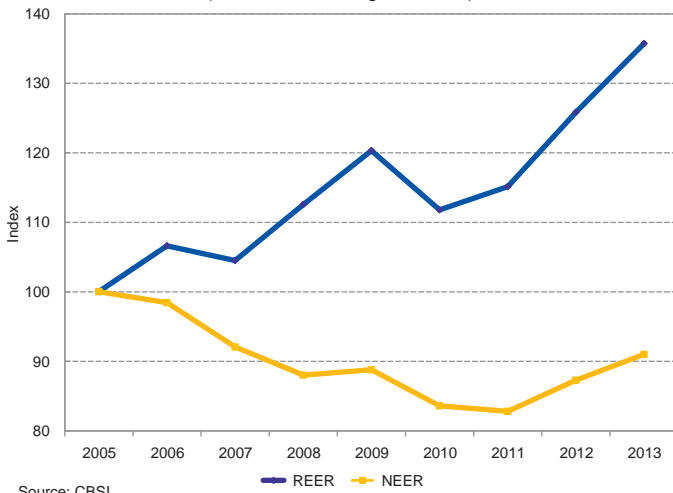
²⁶ IMF External Debt Statistics (EDS) Guide 2012 defines gross external debt as the amount of those current liabilities (not contingent) that require payments of principal and/or interest by the debtor at some points in the future and that are owed to non-residents by residents.

in the gross foreign reserves resulted from weaker export performance and lower donor inflows during the year. The strengthening of the Solomon Islands dollar that resulted in exchange rate revaluation losses also contributed to the moderate pace. The level of gross foreign reserves was equivalent to cover 11.2 months of import of goods and services. This is a slight improvement from the 10.4 months of import cover at the end of 2012.

Exchange rate

The Solomon Islands real effective exchange rate (REER)²⁷ appreciated by 8% in 2013. This was driven by the appreciation of the Solomon Islands nominal effective exchange rate (NEER)³ by 4% in 2013 (see Figure 4.6) and relatively higher inflation rate in the Solomon Islands compared to trading partner countries. This suggested that Solomon Islands exports were becoming less competitive in 2013.

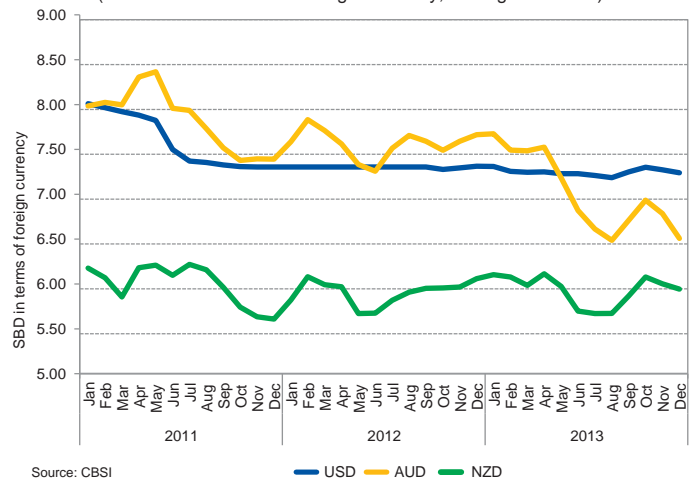
Figure 4.6: Nominal and Real Effective Exchange Rate Developments
(Index Value; Average of Period)



Source: CBSI

²⁷ Effective exchange rates are indices that describe the relative strength of the SBD to a basket of major trading partner currencies, weighted by the respective trade shares of each partner. The nominal effective exchange rate (NEER) is a trade-weighted exchange rate, while the real effective exchange rate (REER) adjusts the NEER for inflation. They broadly indicate a country's relative competitiveness in foreign trade. NEER and REER data are sourced from the IMF's IFS database and are indexed to 100 in 2005.

Figure 4.7: Nominal Bilateral Exchange Rate Developments
(SBD Value in Terms of Foreign Currency; Average of Period)



Source: CBSI

The appreciation of the Solomon Islands NEER indicated that Solomon Islands dollar (SBD) strengthened against the invoice-weighted basket of currencies, in particular the USD and the AUD. This was largely due to the strengthening of the SBD against the nominal bilateral exchange rates of both USD and AUD, the two main trade invoicing currencies, which comprised 83% of the total foreign exchange transactions during the year.

On annual average, the SBD appreciated by 0.7% against the US dollar to \$7.30 per USD and against the Australian dollar by 7.2% to \$7.07 per AUD (see Figure 4.7). This outcome reflected the strengthening of the SBD against USD and AUD in the first seven months and final two months of the year. The SBD also appreciated against the British Pound by 2.0% to \$11.42 per GBP and against the Japanese Yen by 18.5% to \$7.52 per 100JPY. The SBD, however, depreciated by 2.5% against the Euro to \$9.70 per EUR and 0.4% against the New Zealand dollar to \$5.99 per NZD during the period.

BOX 4.1: DIRECTION OF TRADE STATISTICS

The People's Republic of China (PR China) remained the largest export market for Solomon Islands exports over the past three years mainly due to round log exports. Exports to PR China increased slightly by 1% to \$1,500 million to account for 47% of total exports in 2013. This was attributed to the increased share of round logs exported to PR China and lower exports to the Philippines. Australia was the second largest export market although minerals export share fell from 24% a year ago to 20% in 2013. Exports to Australia fell by 27% to \$641 million during the year largely due to a fall in gold exports. Exports to Italy, however, surged by 61% to \$225 million in 2013 on the back of higher tuna loin exports. As a result, Italy's share of total exports moved up to 7% from 4% in the previous year.

Meanwhile, exports to Thailand dropped significantly by 49% to \$112 million in 2013, lowering its share of total exports from 6% in 2012 to 3% in 2013. This was due to the decline in exports of frozen tuna to canneries in Thailand. Exports to United Kingdom also fell sharply by 67% to \$63 million in 2013 due mainly to increasing palm oil exports to Netherlands and Spain. In addition, exports to the Philippines declined by 62% to \$64 million driven by the fall in copra and round logs that were shipped to the Philippines during the year. Accordingly, the combined export share of the United Kingdom and the Philippines fell to 4% in 2013 from 10% in the previous year.

Australia is the country's largest import source, accounting for 29% of total imports in 2013. Imports from Australia rose by 7% to \$1,101 million in 2013 due mainly to increased imports of foods, namely rice and wheat, machinery and transport equipment, basic manufactures, and chemicals during the year. Singapore remained the country's second largest import source, representing 25% of import share in 2013. Imports from Singapore increased by 3% to \$945 million in 2013 and was mainly due to higher fuel imports. Imports from PR China also increased in 2013 by 9% to

Solomon Islands Exports by Country of Destination

Table A: Destination of Exports

	2011		2012		2013	
	SBD million	% of total exports	SBD million	% of total exports	SBD million	% of total exports
People's Republic of China	1,373	43%	1,483	41%	1,500	47%
Australia	551	17%	880	24%	641	20%
Thailand	169	5%	216	6%	112	3%
United Kingdom	110	3%	194	5%	63	2%
Philippines	230	7%	168	5%	64	2%
Italy	141	4%	140	4%	225	7%
Total	2,574	81%	3,081	85%	2,604	81%

Data are provisional. 2012 and 2013 were derived from Customs and industry survey.

Source: CBSI and SINSO

Solomon Islands imports by country of origin

Table B: Source of Imports

	2011		2012		2013	
	SBD million	% of total imports	SBD million	% of total imports	SBD million	% of total imports
Australia	1,042	29%	1,034	28%	1,101	29%
Singapore	766	21%	922	25%	945	25%
People's Republic of China	386	11%	322	9%	351	9%
Malaysia	215	6%	267	7%	311	8%
Japan	121	3%	204	6%	179	5%
New Zealand	204	6%	199	5%	180	5%
Total	2,734	76%	2,947	80%	3,068	82%

Data are provisional. 2012 and 2013 were derived from Customs

Source: CBSI and SINSO

\$351 million. This accounted mainly for imports of basic manufactures and chemicals during the year. Similarly, imports from Malaysia rose significantly by 17% to \$311 million in 2013. This was mainly due to higher imports of machineries and transport equipment relating to logging activities. Imports from Malaysia accounted for 8% of total imports in 2013, a slight improvement from 7% in 2012.

Meanwhile, imports from Japan declined by 12% to \$179 million, resulting in a fall in its composition of imports from 6% to 5% in 2013. This came mainly from the fall in imports of machineries as the country sourced most of its machineries import for mining and logging activities from Australia and Malaysia during the year. Furthermore, imports from New Zealand comprising 5% of the total imports also dropped in 2013 by 9% to \$180 million. This reflected the fall in food imports as the bulk of the food imports were sourced from Australia during the year.

Chapter V. MONEY AND BANKING

Monetary growth was slower during the year, compared to the previous year. This was mainly driven by the slower growth in reserve money. Money supply increased while total liquidity in the banking system declined in 2013. The trend in the growth of monetary aggregates was similar to that of 2012, increasing but at a slower pace. The active sale of Bokolo bills helped to absorb a portion of the excess liquidity in banking system in 2013, resulting in the gradual decrease in excess liquidity throughout the period. Credit to the private sector trended upwards in the first quarter, but remained stable throughout the year. Commercial banks' interest rate margin remained in double digits at just below 11% but much higher than in 2012 on account of a slight increase in the lending rate in the fourth quarter and a contraction in the deposit rate.

In line with the monetary policy stance in 2013, CBSI sold Bokolo bills to the commercial banks resulting in the stock of Bokolo bills held by the commercial banks increasing from \$356 million as of December 2012 to \$600 million as of December 2013. The cash reserve requirement was unchanged at 7.5% of the commercial banks' total deposit liabilities.

Reserve Money

Reserve money (M0) declined by 1% to \$2,034 million in December 2013 compared to the 24% increase in 2012. In terms of the components of reserve money, the balances of commercial banks' call deposits held with CBSI fell by 2% to \$1,424 million, outweighing the 1% growth to \$603 million in currency in circulation. The reduction in the commercial banks' call account balances by 17% occurred in the first quarter. There were some growth in the final three quarters of 2013, but not sufficient to cover the fall during the first quarter. Conversely, currency in circulation reported a 14% growth in the fourth quarter.

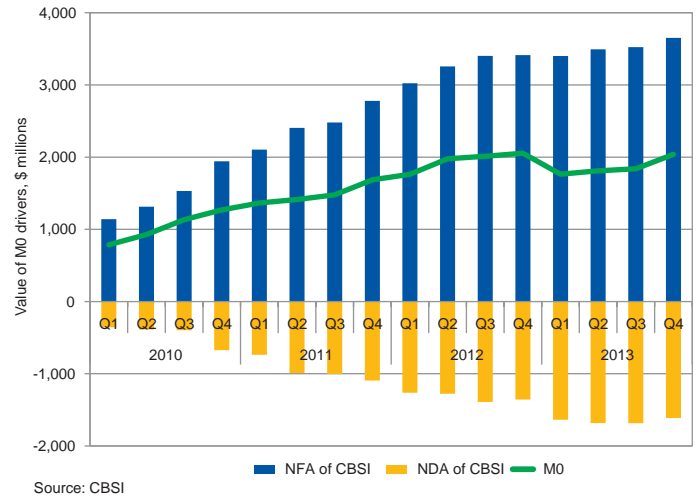
The decline in reserve money was owing to the slow growth in both CBSI's net foreign assets (NFA) and net domestic assets (NDA)²⁸ (see Figure 5.1). The NFA holdings of CBSI increased by 7% to \$3,651 million in December 2013, but well below the growth of 23% in December 2012. NDA, on the other hand, stood at negative \$1,613 million, attributed to the increase in net domestic credit, resulting from a rise in the claims of central government, together with the increase in commercial bank holdings of CBSI Bokolo bills. The increase in the CBSI's NFA position was largely led by growth in gross foreign reserves of \$238 million to \$3,909 million at the end of December 2013.

Narrow Money

Narrow money (M1) increased by 13% to \$2,698 million in December 2013 compared to a 28% rise in 2012. Growth was driven by the rise in transferable deposits of 16% to \$2167 million but currency in active circulation declined

²⁸Net Domestic Asset (NDA) is computed as domestic assets minus domestic liabilities. Hence, negative NDA implies domestic assets are lower than domestic liabilities.

Figure 5.1: Drivers of Reserve Money
(Value of NFA and NDA; Quarterly Data)

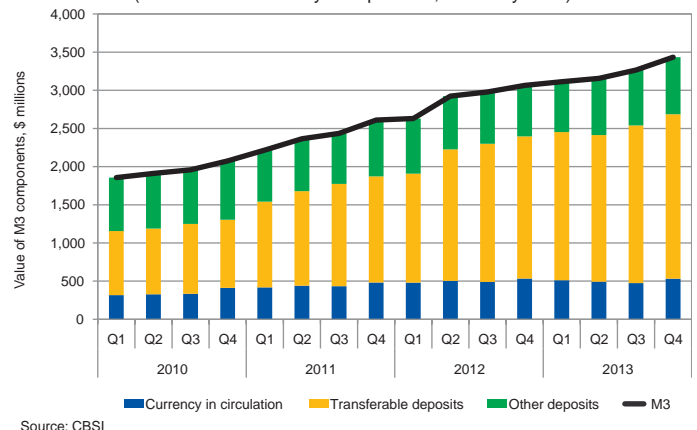


by 0.3% to \$531 million. The ODCs' transferable deposits of the public non-financial corporations rose by 54% to \$70 million and other non-financial corporations increased by 25% to \$248 million.

Broad Money

Broad money (M3) grew by 12% to \$3,445 million in December 2013 compared to a 17% rise in 2012 (see Figure 5.2). The growth was attributed to the advances in M1 together with the rise in other deposits (savings and time) by 12% to \$746 million by end 2013. The sources of growth in M3 was largely due to the increase in both the CBSI's NFA by 7% to \$3,651 million and the commercial banks' NFA, which moved to \$132 million from \$12 million in 2012. Conversely, the sustained increase in government

Figure 5.2: Components of Broad Money
(Value of Broad Money Components; Quarterly Data)

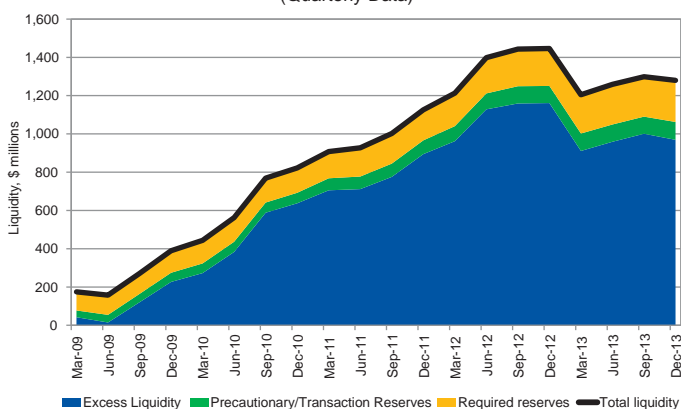


deposits in the banking system contributed to the slower growth in M3 during the year.

Liquidity

Total liquidity in the banking system fell for the first time

Figure 5.3: Commercial Bank Liquidity
(Quarterly Data)



Source: CBSI

since 2008 by 12% to \$1,280 million in December 2013 (see Figure 5.3). This is in contrast to the 28% growth witnessed in 2012. The decline was in spite of growth in the second and third quarters of 3% and 5%, respectively. Mirroring this trend, excess liquidity fell by 13% to \$969 million in 2013 compared to \$1,161 million in 2012. CBSI's action to reduce excess liquidity was through the sale of Bokolo bills. As a result, excess liquidity fell as the stock of Bokolo bills held by the commercial banks increased to \$600 million compared to \$356 million at the end of 2012.

Domestic credit

Total net domestic credit (NDC) of the banking system declined to \$162 million in December from \$257 million a year ago. The fall in NDC was attributed to the increase in government deposits by 28% as of December 2013. In contrast, credit to the private sector went up by 15% to \$1,465 million at the end of December 2013 compared to a 4% increase in the previous year.

Total outstanding credit issued by ODCs accounted for \$1,440 million of the total private sector credit, a rise of 2% from the last quarter and 15% increase from December 2012. Growth in private sector credit was driven by long term credit in the form of loans, which grew by 18% to \$1,293 million in December 2013 from \$1,094 million a year ago. Trade bills, overdrafts, and lease financing dropped from \$6 million, \$137 million and \$6 million in the third quarter to \$4 million, \$137 million and \$6 million, respectively. Compared to December 2012, trade bills and lease financing declined while overdrafts remained the same. Excluding trade bills, total private sector credit from ODCs increased by 16% to \$1,440 million compared to 14% growth across 2012 (see Table 5.1).

Type	Dec-12	Mar-13	Jun-13	Sep-13	Dec-13
Trade Bills	7	16	22	6	4
Overdrafts	137	149	141	143	137
Loans	1094	1174	1215	1250	1293
Lease Financing	11	9	8	7	6
Total	1250	1348	1386	1406	1440
Total Credit(Excluding Trade bills)	1243	1332	1364	1400	1436

Source: ODCs & CBSI

Meanwhile, the sectors that expanded their loan balances compared to the previous year were personal sector, which increased by \$97 million to \$472 million, distribution sector was up by \$46 million to \$212 million, communications sector increased by \$33 million to \$140 million, tourism sector went up by \$23 million to \$103 million, agriculture sector by \$15 million to \$42 million and transportation sector increased by \$9 million to \$72 million.

The personal sector increased its share of the total credit from ODCs to 33% as of December 2013, up from 30% a year ago. The distribution sector was second at 15%, slightly more than 13% as of December 2012. Lending to the construction sector accounted for 13% by year end, down from 15% a year ago. Furthermore, lending to the communication and tourism sectors increased from 9% and 6% in December 2012 to 10% and 7% in December 2013, respectively.

Table 5.2: Private Sector Credit by Sectors

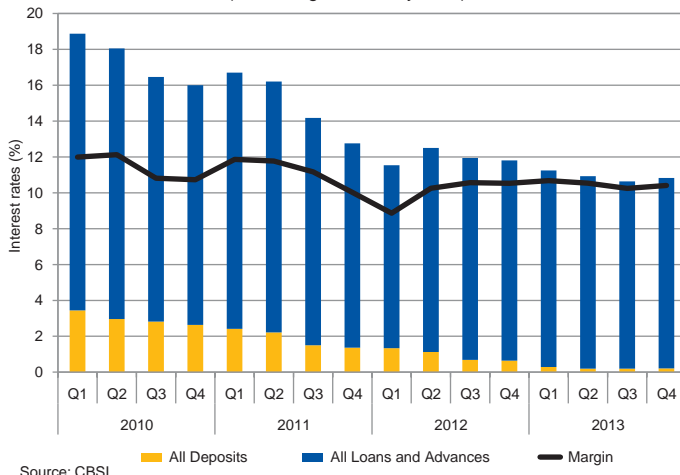
Sectors	2012		2013		Percentage change	
	Q3 D	Q4 E	Q3 A	Q4 B	B/A	B/E
Personal	358.0	374.7	434.5	471.9	9%	26%
Construction	179.3	189.7	185.0	181.9	-2%	-4%
Distribution	159.3	165.6	210.8	211.9	0.5%	28%
Communications	111.7	107.4	148.9	139.6	-6%	30%
Discount Acceptances	15.0	7.0	5.8	3.6	-37%	-48%
Tourism	74.1	80.1	96.8	103.4	7%	29%
Prof. & Other Services	69.1	68.8	70.5	67.1	-5%	-3%
Transport	61.6	62.5	62.2	72.3	16%	16%
Manufacturing	58.7	57.1	52.5	54.1	3%	-5%
Forestry	47.6	48.0	41.9	39.9	-5%	-17%
Fisheries	4.2	3.8	0.0	3.0	0%	-23%
Mining & Quarrying	5.3	5.1	0.2	0.1	-35%	-98%
Agriculture	22.7	27.2	39.7	41.7	5%	53%
Private Financial Institutions			0.1	4.7	4600%	0%
Others	34.4	59.6	0.1	44.6	44500%	-25%
Total	1186.1	1249.7	1405.657	1439.6	2%	15%

Source: ODCs & CBSI

Interest rates

The indicative weighted average deposit interest rate of the commercial banks' declined further from 0.64% in 2012 to 0.21% in 2013 (see Figure 5.4). This came from a fall in time deposit rates across all maturities in December 2013. Meanwhile, the indicative weighted average interest rate on lending moved slightly from 10.5% in 2012 to 10.6% in December 2013. As a result, the weighted average interest rate margin widened to 10.4% compared to 10.0% in 2012. The drivers of this marginal increase was attributed to the lending rates extended to mining, non-residents, and entertainment loans that moved from 9.8%, 13.6%, and 11.4% to 16.4%, 16.4% and 12.3%, respectively.

Figure 5.4: Interest Rate Developments
(Percentage; Quarterly Data)



Source: CBSI

Other Financial Corporations

The net foreign assets (NFA) of the other financial corporations (OFCs) decreased by 2% to \$262 million in 2013, compared to a 5% rise in 2012. The fall was driven by a drop in foreign currency holdings through transferable deposits held with non-residents that declined by 14% to \$8 million, other deposits by 0.3% to \$147 million and investment of shares down by 2% to \$122 million respectively. The fall in NFA was also driven, to a lesser extent, by the 1% rise in OFCs' foreign liabilities.

Meanwhile, the OFCs' net domestic assets (NDA) grew notably by 31% to \$1,548 million by year-end compared to an 18% increase in 2012. Contributing to the increase was the 22% growth in the second quarter, driven by a one-off significant increase in credit to the private sector that was associated with an increase in shares to other non-financial corporations by \$838 million to \$1,115 million. Other lesser contributions came from increases in securities by other non-financial corporations by \$12 million to \$32 million and settlement by other non-financial corporations by \$3 million to \$20 million. Conversely, the build-up of deposits held with the other depository corporations (ODCs) decreased by 6% in 2013 to \$577 million, compared to a 30% increase in the previous year. However, despite the year-on-year decline, deposits held by ODCs recorded consecutive growths of 11% and 6% in the September and December quarters, respectively.

Monetary Policy

With the introduction of the 2012 CBSI Act on 1st January 2013, which states that the primary objective of the Central Bank of Solomon Islands shall be to achieve and to maintain domestic price stability, CBSI continued to implement an appropriate monetary policy stance with the overarching aim of containing inflationary pressures.

In 2013, inflationary developments fluctuated within the range of CBSI's forecast of 5%-7%, driven mainly by subdued imported prices despite pressure from domestic prices, which was the main source of rising inflation during the year. However, by December 2013, inflation came down to 3%, well below the forecast range. This was due to slow growth in food, housing utilities, transport and communication, and recreation, health and other services. In addition, the gross foreign reserves averaged 11.2 months of imports at the end of 2013, comfortably above the three months benchmark.

To influence the economic conditions, CBSI employed two policy instruments, which involved maintaining the cash reserve requirement at 7.5% of commercial banks deposits liabilities and the issuance of Bokolo bills aimed at absorbing some of the excess liquidity in the banking system. CBSI continued its open market operation through the sale of CBSI auctioned Bokolo bills in the primary market during the year. The total stock floated reached \$640 million in December 2013 from \$500 million in 2012. The commercial banks took up \$600 million worth of Bokolo bills by year-end, an increase of \$244 million from 2012. This accounted for 47% of the total liquidity in the banking system at the end of 2013 compared to 35% in the previous year. Over the same period, the weighted average interest rate on Bokolo bills increased by 11 basis points from 0.47% to 0.58%.

Moreover, in terms of the exchange rate policy, CBSI continued to maintain its current exchange rate policy by pegging the SI dollar against a basket of currencies comprising of the Solomon Islands five major trading currencies (see Table 5.3).

CBSI Instrument	Status in by Dec 2012	Status in by Dec 2013
Exchange rate	A managed peg ($\pm 1\%$ margin of the base rate) with base rate of 7.3561 against the USD	A managed peg ($\pm 1\%$ margin of the base rate) was retained with a revised base rate of 7.2833 against the USD in 3Q 2013.
Open Market Operation	As of December 2012, \$500 million stock was floated by CBSI and \$356 million was absorbed.	As of December 2013, \$640 million stock was floated by CBSI and \$600 million was absorbed.
Cash Reserve Requirement	Remained at 7.5%	Remained at 7.5%

Meanwhile, CBSI continued to sell government treasury bills in 2013 with the volume of treasury bills capped at \$40 million since 2011. Owing to the high demand for treasury bills during the period, the overall weighted average interest yield (WAY) for 91-days declined from 0.34% to 0.24% and that for 182 days increased significantly to 1.03% from 0.22% in 2012.

Chapter VI. GOVERNMENT FINANCE

Overview

Despite facing large unbudgeted spending pressures as a result of major policy shifts earlier in the year, the Government recorded a fiscal surplus²⁹ of \$133 million in 2013. The favourable outcome came despite a fall in revenue against budget and reflected large expenditure savings particularly within the capital budget. Consistent with the continuous downward trend witnessed over the past seven years, public debt stock fell to \$949 million from \$1,023 million in 2012. This debt level was equivalent to 15% of the country's GDP, down from 17% at the end of 2012. The reduction reflected the Government's commitment in servicing its debt obligations.

Revenue

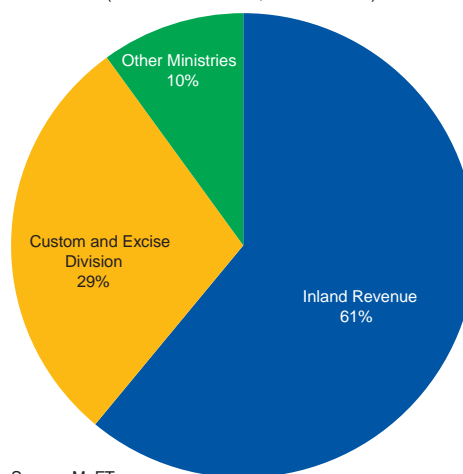
Total revenue including grants underperformed against the budget³⁰ by 10% to \$3,193 million driven by the shortfall in budget support and development grants. However, domestic revenue, which accounted for 86% of total revenue, increased by 3% against budget to \$2,759 million. Compared to the previous year, total revenue grew by 8% and this was associated with the significant rise in revenue collections in the final quarter of 2013. The above budget performance was attributed to larger than anticipated collections in Inland Revenue Division (IRD) and non-tax revenue (NTR), which outpaced shortfalls in Customs and Excise Division (CED) receipts. Grants, which accounted for 14% of total revenue, grew by 7% year-on-year but fell short against budget by half (50%) to \$434 million.

Inland Revenue Division

IRD collection, which constituted 61% of domestic revenue, outperformed budget projections by 4% to \$1,697 million (see Figure 6.1). IRD revenue grew by 13% year-on-year compared to the 12% growth registered in 2012. The positive outcome against 2012 was due to strong compliance efforts combined with tax awareness programs conducted by IRD during the year as well as progress made across a range of initiatives to address key tax risks. Driven by these initiatives, company tax, government PAYE, withholding tax and goods tax receipts increased relative to their respective budgets. In contrast, private sector PAYE, sales tax, and stamp duty and licences performed below budget.

Against the budget, company tax was higher by 8% at \$288 million. Withholding tax receipts exceeded budget by 40% to \$236 million, on the back of increases in all withholding tax categories particularly in the June and December quarters. Both resident and non-resident withholding tax outpaced the budget by 7% and 11% to \$77 million and \$72 million, respectively. Dividend tax also surpassed budget to reach \$87 million, indicating high business turn-overs during the year. Government PAYE rose above the budget by 4% to \$92 million following a 71% upsurge in

Figure 6.1: Domestic Revenue by Share
(Value of Revenue; Annual Data)



Source: MoFT

the third quarter. Goods tax edged the budget by 2% to \$685 million due to significant gains in the first and fourth quarters, which offsetted below budget collections in the other two quarters.

On the contra-side, private sector PAYE and sales tax underperformed against the budget by 8% to \$319 million and by 18% to \$56 million respectively, driven by sustained below-budget performances in each quarter of the year. Stamp duty and licenses, which accounted for 1% of IRD receipts, slipped below estimates by 7% to \$11 million and by 8% to \$9 million, respectively.

Customs and Excise Division (CED)

CED revenue, which accounted for 29% of domestic revenue, grew by 2% year-on-year but slipped by 1% to \$796 million against the budget. This was attributed to subdued collections on export and excise duties, which negated revenue gains on logs and import duties.

Log export duties, which constituted the bulk of CED receipts, rose by 4% to \$407 million buoyed by higher timber and a one-off "tubi" exports during the final quarter. However, growth in log revenue shrunk further from respective year-on-year growths of 54% and 10% in 2011 and 2012 to 1% in 2013. This was consistent with the forecasted slowdown in the logging industry. Import duty performed slightly above forecast by 1% to \$229 million and was attributed to higher import receipts in manufacturing and transport and equipment. Other duties rose from \$2 million to \$4 million.

In contrast, excise duties weakened by 14% against budget to \$138 million due to misclassification of duties collected from spirits under import duty. This fall in excise duty on spirits more than offsetted the minimal gains in excise duties on tobacco and beer. Furthermore, export duties declined by 20% to \$18 million due to under collections that were more pronounced in the March and December

²⁹ This balance includes principal debt repayment of \$83 million.

³⁰ This refers to the SIG's 2013 revised budget unless stated otherwise.

quarters of 2013.

Non-Tax Revenue

Non-tax revenue (NTR), which accounted for 10% of domestic revenue, rose to \$266 million from \$242 million in the revised budget and grew by 2% against 2012 performance. Underpinning this outturn was the higher than budgeted collections by the Ministry of Fisheries and Marine Resources (MFMR) most notably in the fourth quarter, Ministry of Finance and Treasury (MoFT) and Ministry of Commerce, Industry and Employment (MCIE). On the other hand, collections from the Ministry of Infrastructure Development (MID), Ministry of Education and Human Resources Development (MEHRD) and Ministry of Communication, Aviation and Meteorology (MCAM) fell below budget. The NTR is an area that can potentially raise more revenue for the Government if ministries collect revenue more efficiently in the future.

Grants

Total grants received by the Government during the year was just half (50%) of the budgeted estimate, amounting to \$434 million. The combined shortfall in recurrent and development grants was the reason for this underperformance. Recurrent grants which represented 71% (\$309 million) of the total fell short against budget by 53%, while development grants which accounted for the remaining 29% (\$125 million) also underperformed by 41%.

Recurrent grants comprised of \$203 million from Australia (Australian Aid), \$63 million from New Zealand aid (NZAID) and \$36 million from Asian Development Bank (ADB). United Nations International Children’s Education Fund (UNICEF), United Nations Development Program (UNDP) and World Health Organisation (WHO) accounted for the remaining \$7 million.

The Ministry of Health and Medical Services (MHMS) accounted for 52% of Australian Aid funding (\$105 million), followed by MEHRD at 26% (\$53 million), MoFT at 21% (\$43 million) and Ministry of Police and National Security (MPNS) at 1% (\$2 million). NZAID grants of \$63 million went to MEHRD while the \$36 million ADB fund was channelled through the Ministry of Finance and Treasury (MoFT) as general support grant.

Of the development grants that were channelled through the consolidated account, Papua New Guinea (PNG) Government accounted for 51% (\$63 million), followed by Republic of China (ROC) at 42% (\$53 million) and Australia at 7% (\$8 million). Of the PNG grant, the Ministry of Development Planning and Aid Coordination (MDPAC) and Ministry of Infrastructure Development (MID) received \$20 million each, MHMS and MEHRD \$10 million each and the Ministry of Rural Development (MRD) received \$3 million. The \$8 million Australian Aid grant that came through during the year went to the MoFT. With the total ROC grant allocation, \$43 million went to MRD as Rural Constituency Development Funds (RCDF) and the other \$10 million went to the MEHRD.

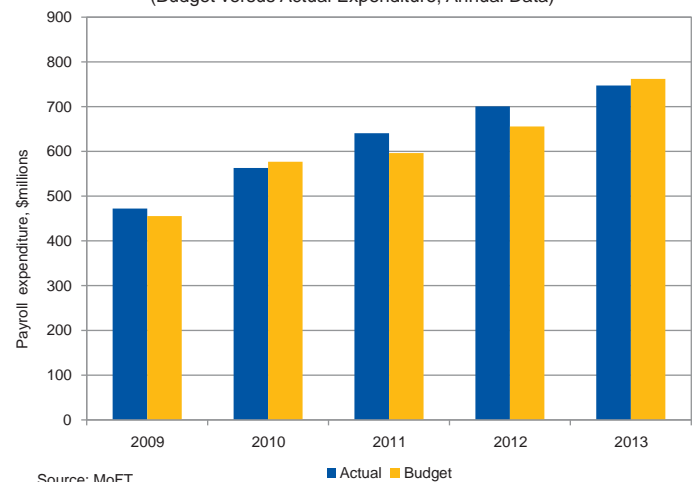
Expenditure

Government expenditure totalled \$2,977 million in 2013 compared to the budget estimates of \$3,789 million. The underspending reflected broad-based declines among the major categories, with capital expenditure dropping by 25% to \$724 million and recurrent expenditure down by 20% to \$2,253 million. This outturn was attributed to measures the Government undertook to manage cash flow as a result of low revenue collections amid the unbudgeted spending pressures particularly in the first half of the year and lack of capacity within implementing ministries. However, total expenditure in 2013 expanded by 16% above the previous year’s actual expenditure. The year-on-year growth was attributed to the 29% surge in the development expenditure and 12% increase in the recurrent expenditure.

Payroll

Payroll spending in 2013 fell by 2% against the budget to \$747 million, and accounted for 25% of the total expenditure (see Figure 6.2). Despite the ‘within budget’ spending, payroll spending was 7% higher than 2012. The budget shortfall was reflected in almost all the line ministries, with \$8 million saved by the MHMS to \$139 million, \$4 million by the Ministry of Provincial Government and Institutional Strengthening (MPGIS) to \$16 million and \$3 million by the National Parliament to \$25 million. On the other hand, MEHRD, which accounted for 44% of the total payroll cost, surged to \$327 million against the budget of \$314 million. The more than budgeted spending in the MEHRD was driven by a re-leveling exercise conducted across the whole teaching service, which saw payroll increasing in each subsequent quarters of the year.

Figure 6.2: Payroll Expenditure
(Budget versus Actual Expenditure; Annual Data)



Meanwhile, disaggregating payroll expenses by major categories, salaries accounted for the majority of payroll costs at 67% compared to the 69% in the revised budget. This was followed by various allowances³¹ with 15%, NPF employee’s contributions at 6% and special duty al-

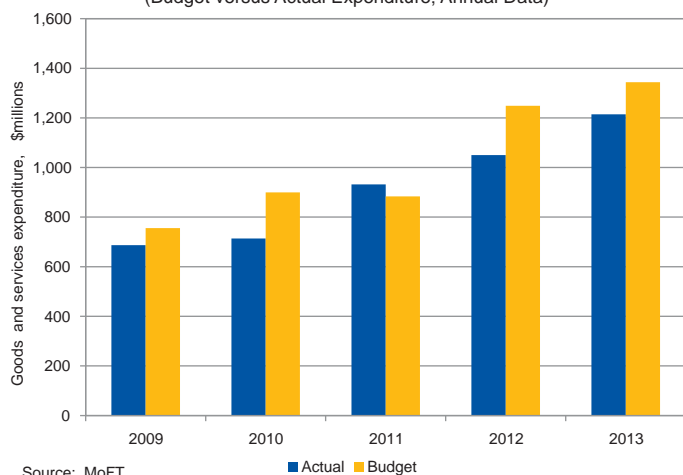
³¹ Various allowances also called other allowances under the new Chart of Account (COA)

allowances accounted for 4%. The remainder was distributed between housing allowances, overtime, and other payroll related costs.

Other Charges

The purchase of goods and services totalled \$1,214 million in 2013 lower than the \$1,344 million in the budget (see Figure 6.3). However, expenditure was 16% higher than the previous year and accounted for 41% of the total expenditure. Major contributors of the underspending against budget were the Ministry of Home Affairs (MHA) with budget savings of \$31 million, MEHRD with an underspending of \$29 million, the MPNS with \$9 million and \$8 million by the Office of the Prime Minister.

Figure 6.3: Other Charges Expenditure
(Budget versus Actual Expenditure; Annual Data)



Administrative costs still accounted for the largest proportion of other charges with 38% despite being 11% lower than the annual budget of \$461 million. Grants constituted the second highest share of expenditure at 24% although 4% below budget at \$292 million. Training components of the other charges also exhibited an underspending of \$187 million compared to the budget of \$206 million. This was followed by maintenance, which accounted for 8%, travel at 7%, capital equipment at 4%, and 2% each for salaries related costs and subscription payments to overseas bodies. The residual was spent on debt related items.

Development Expenditure

Lack of technical capacities in the implementing ministries to fully utilise the 2013 development budget combined with cumbersome processes, development expenditure reached only \$724 million in 2013 from the budget of \$963 million, but buoyed by 29% over the 2012 spending. This budget underspending was more pronounced in the first quarter when ministries were slow in implementing their capital projects. Capital expenditure however, picked up since the second quarter of 2013.

The under-budget spending was evident in all 26 ministries, with the MRD and MID utilising 77% and 67% of their respective budget allocations of \$197 million and \$128 million. MCAM and the MOFT were the other major

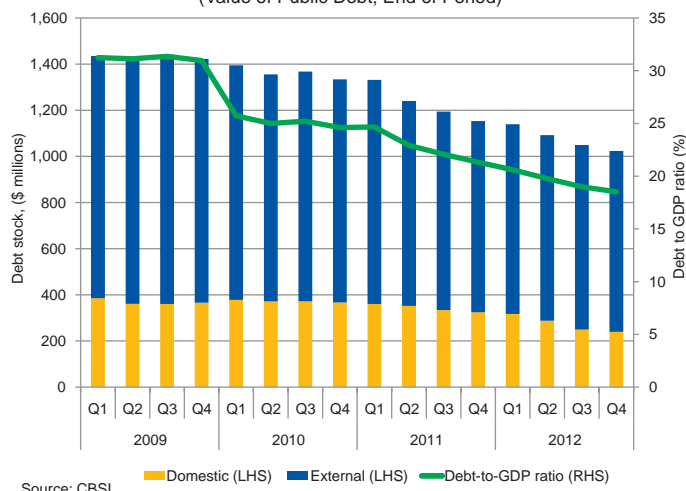
contributors, utilising only 74% and 63% of their respective budgets of \$130 million and \$99 million. Ministerial share of the 2013 development budget showed MRD still maintaining the largest budget allocation of 21%, followed by MCAM with 13%, MID and MEHRD both at 12% each and the MOFT at 9%.

By projects, there were a total of 137 projects that were approved in 2013 including ongoing and new projects. Of these approved projects, only 80% of the projects accounted for the bulk of the total capital funds disbursed during the year. These projects include the Rural Constituency Livelihood Fund (RCLF), accounting for 10% (\$74 million), followed by Solomon Islands National University with 9% (\$61 million), upgrading of the Munda Airfield 8% (\$58 million), the National Transport Fund Program and Rural Development Programme at 4% (\$30 million) each and provincial airfield programme at 4% (\$27 million).

Debt Stock & Servicing

Public debt stock dropped to \$949 million by the end of 2013 compared to \$1,023 million in 2012 (see Figure 6.4). The positive outcome emanated from total repayment of \$97 million coupled with favourable exchange rate movements during the year.

Figure 6.4: Public Debt Stock Developments
(Value of Public Debt; End of Period)



External Public Debt Stock

External public debt stock dropped from \$784 million a year ago to \$743 million in 2013. The 5% fall was attributed mainly to debt repayments that were made to the Asian Development Bank (ADB), International Development Association (IDA), EXIM, European Union, Kuwait and International Fund for Agriculture Development (IFAD).

External debt stock categorised by borrowers showed multilateral creditors held the largest share at \$635 million (85%) of the external public debt portfolio of the country, whilst bilateral creditors accounted for the remaining 15%. In terms of currency composition, the SDR accounted for 79% of the external debt stock followed by the USD with 16%, Euro at 4% and Kuwait Dinar with the remainder.

External public debt repayments that were facilitated by the CBSI in 2013 stood at \$57 million compared to the scheduled repayment amount of \$49 million. Debt servicing included principal repayments of \$47 million and interest payments of \$10 million compared to their respective scheduled repayments of \$38 million and \$10 million.

Domestic Public Debt Stock

Outstanding domestic debt in 2013 was \$205 million, 14% less than the level recorded in 2012. This stock level, however, was 3% higher than the expected stock of \$195 million. The fall in domestic debt stock was attributed to debt servicing of \$40 million compared to \$44 million in the revised repayment schedule. By holders of domestic stock, the CBSI held \$74 million, OFCs with \$54 million, ODCs \$36 million, while “Other holders” held \$42 million (see Table 6.3).

Table: 6.3. Holdings of Domestic Debt (SBD Million)

Category	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
A. Banking System	181.6	158.8	131.6	127.3	123.0	118.6	114.4	109.6
CBSI	101.0	91.1	83.9	82.0	80.1	78.1	76.4	74.0
ODC	80.6	67.7	47.7	45.3	42.9	40.5	38.0	35.6
B. Nonbank Sector	136.9	128.8	118.1	112.3	110.4	106.0	101.9	95.6
OFC	87.2	80.0	70.2	67.0	63.7	60.5	57.2	53.9
Other Holders	49.7	48.8	48.0	45.4	46.6	45.6	44.8	41.8
TOTAL (A+B)	318.5	287.7	249.7	239.6	233.4	224.6	216.3	205.2

Source: CBSI

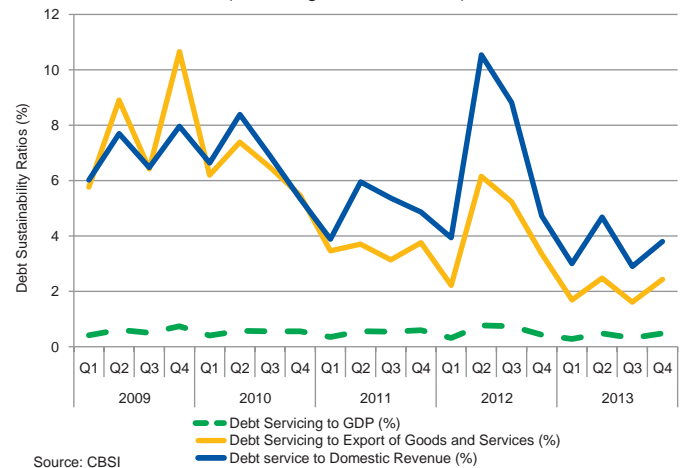
Public Debt Stock and Debt-Service indicators

At the end of 2013, the external debt-to-GDP ratio improved further relative to the previous year, but at a slower pace amid marginal declines in debt stock. As a result, the ratio stood at around 15% of GDP compared to 17% in 2012 and well below the green light measure of 30%. Improvements were also reported for liquidity measuring indicators including debt service-to-GDP, debt service-to-export of goods and services, and debt service-to-domestic revenue (see Figure 6.5). The debt service-to-GDP remained at around 0.5%, debt service-to-export of goods and services ratio fell slightly from 3% to 2% and the debt service-to-domestic revenue ratio went down to 4% from 5% in December 2012. These indicators suggested that the country was well below debt distress thresholds and has the scope to borrow for capital projects in the future.

2014 Budget Outlook

The Government projects a balanced budget in 2014. This result is expected on the grounds that total revenue will increase to \$3,503 million in 2014 and fiscal expenditure is expected to rise from \$2,977 million to \$3,503 million against 2013 preliminary actuals. With this, the 2014 budget is expected to be fully funded from domestic revenue

Figure 6.5: Debt Servicing Indicators
(Percentage; End of Quarter)



Source: CBSI

Underlying the anticipated growth in total revenue is the projected 12% upturn in recurrent revenue to \$3,423 million coupled with the \$275 million increase in donor support to \$584 million compared to 2013 outlays. Domestic revenue, on the other hand, expects a 12% growth in 2014 following an anticipated growth in the national economy and the ongoing improvement in revenue administration and compliance efforts. IRD revenue forecasts for 2014 are anticipated to be 6% higher than 2013 actuals at \$1,792 million whilst CED also projects a 3% uptick in 2014 to \$819 million. However, NTR receipts are expected to remain subdued at \$228 million.

The projected growth in the overall expenditure for 2014 was attributed to an estimated 27% increase in recurrent expenditure, which is expected to more than offset the anticipated 12% reduction in capital expenses. The rise in the recurrent expenditure is due to forecasted upsurge in the payroll expenses to \$864 million from \$747 million to accommodate 321 new positions together with a 3.5% Cost of Living Adjustments (COLA) award across the public service in mid-2014. Other charges expenditure is also likely to contribute to the expected increase in the recurrent expenditure by 7% to \$1,305 million combined with the anticipated increase in budget to \$573 million from the \$276 million expended in 2013. The sluggish growth in the development expenditure is expected following a 23% fall to \$561 million, which is projected to outstrip the \$80 million capital expenditure forecast that is supposed to be financed by the Solomon Islands Government and donor partners in the 2014 budget.

The Government has included budget provisions for debt servicing in 2014 and is anticipating the fiscal debt to fall to \$904 million by year end, 11% lower than the stock position of \$949 million posted in December 2013. As such, debt as a percent of GDP will fall to 12% from 15% in 2013. However, this ratio might rise if pipeline loans the Government anticipates to undertake for large infrastructure projects materialise in 2014.

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TABLE 1.1 DEPOSITORY CORPORATIONS SURVEY

SBD Millions	Net Foreign Assets				Net Claims on Central Govt				Domestic Claims				Broad Money Liabilities						Other Items (Net)										
	Claims on Non-Residents		Total		Claims on Central Govt		Liabilities to Central Govt		Total		Claims on Other Sector		Total		Currency Outside Depository Corp.		Transferrable Deposits			Other Deposits		Securities other than shares		Deposits excluded from M3		Securities other than shares from M3		Shares and other equity	
	Non-Residents	Liabilities to Non-Residents	Total	Claims on Central Govt	Liabilities to Central Govt	Total	Claims on Other Financial Corp.	Claims on State and Local Govt	Claims on Public non-Financial Corp.	Claims on Private Sector	Total	Domestic Claims	Total	Currency Outside Depository Corp.	Transferrable Deposits	Other Deposits	Securities other than shares	Total		Deposits excluded from M3	Securities other than shares from M3	Shares and other equity	Other Items (Net)						
2008	8,390	-15	845	254	-217	38	13	0.10	0.0	1,276	1,289	1,327	250	745	572	0	1,567	0.37	20	610	-26								
2009	1,361	-128	1,231	249	-276	-26	13	0.05	0.0	1,224	1,237	1,210	305	822	703	0	1,831	0.35	20	640	-48								
2010	2,284	-291	1,994	238	-546	-308	12	0.0	0.0	1,166	1,179	871	412	892	771	0	2,075	0.26	57	875	-142								
2011	3,201	-335	2,866	205	-1,070	-866	12	0.0	0.0	1,222	1,234	368	481	1,392	737	0	2,610	0.26	42	750	-168								
2012	3,790	-365	3,425	148	-1,190	-1,041	13	0.4	36	1,271	1,320	278	533	1,863	668	0	3,064	0.39	12	840	-214								
2013	4,139	-355	3,784	124	-1,451	-1,327	13	0.00	32	1,465	1,510	183	531	2,167	746	0	3,445	0.55	12	748	-238								
2010	1,505	-226	1,279	235	-255	-20	13	0.0	0.1	1,227	1,239	1,219	317	839	700	0	1,857	0.25	49	755	-162								
Mar	1,690	-274	1,416	234	-348	-114	12	0.0	0.0	1,220	1,232	1,118	328	861	723	0	1,912	0.25	57	724	-158								
Jun	1,869	-274	1,595	236	-237	-1	12	0.2	0.0	1,118	1,130	1,129	334	915	709	0	1,958	0.26	52	822	-109								
Sep	2,284	-291	1,994	238	-546	-308	12	0.0	0.0	1,166	1,179	871	412	892	771	0	2,075	0.26	57	875	-142								
Dec	2,502	-259	2,243	236	-616	-380	12	0.2	0.0	1,128	1,141	761	418	1,124	675	0	2,217	0.26	45	889	-147								
2011	2,852	-275	2,577	229	-919	-691	12	0.0	0.1	1,171	1,184	493	439	1,239	687	0	2,365	0.26	44	785	-124								
Mar	2,921	-286	2,635	213	-946	-732	12	0.0	0.2	1,137	1,150	417	434	1,340	662	0	2,435	0.26	44	690	-116								
Jun	3,201	-335	2,866	205	-1,070	-866	12	0.0	0.0	1,222	1,234	368	481	1,392	737	0	2,610	0.26	42	749	-168								
2012	3,444	-355	3,089	198	-1,209	-1,011	13	0.0	0.0	1,209	1,222	211	480	1,428	723	0	2,631	0.38	24	793	-149								
Mar	3,723	-366	3,358	175	-1,304	-1,129	13	0.1	0.0	1,209	1,222	93	503	1,723	697	0	2,923	0.39	12	713	-199								
Jun	3,846	-353	3,493	151	-1,264	-1,113	12	0.0	3	1,230	1,245	133	489	1,811	678	0	2,978	0.39	12	794	-159								
Sep	3,790	-365	3,425	148	-1,190	-1,043	13	0.4	36	1,271	1,320	278	533	1,863	668	0	3,064	0.39	12	840	-214								
2013	3,845	-352	3,493	145	-1,208	-1,063	13	0.0	36	1,329	1,377	314	491	1,918	665	0	3,074	0.39	12	855	-133								
Jan	3,718	-344	3,374	141	-1,166	-1,021	13	0.0	40	1,354	1,407	384	478	1,991	657	0	3,126	0.39	12	793	-173								
Feb	3,869	-346	3,523	141	-1,298	-1,157	13	0.4	39	1,361	1,414	257	511	1,941	661	0	3,113	0.54	12	834	-181								
Mar	4,001	-339	3,662	134	-1,406	-1,272	13	0.0	38	1,371	1,422	150	495	1,987	667	0	3,148	0.54	12	827	-177								
Apr	3,976	-335	3,641	201	-1,533	-1,333	13	0.0	38	1,385	1,436	103	492	1,968	726	0	3,186	0.54	12	739	-194								
May	3,986	-334	3,652	131	-1,552	-1,422	13	0.03	38	1,398	1,449	27	493	1,920	743	0	3,156	0.55	12	704	-195								
Jun	3,952	-333	3,619	128	-1,492	-1,364	13	0.03	37	1,402	1,452	-40	491	1,957	742	0	3,190	0.55	12	689	-185								
Jul	3,909	-335	3,574	129	-1,407	-1,279	13	0.26	37	1,429	1,478	71	485	2,053	738	0	3,276	0.55	12	654	-169								
Aug	4,072	-354	3,718	133	-1,450	-1,317	13	0.41	37	1,421	1,470	21	474	2,066	726	0	3,266	0.55	12	754	-160								
Sep	4,050	-359	3,691	134	-1,451	-1,317	13	0.01	35	1,444	1,491	174	476	1,988	751	0	3,214	0.55	12	799	-160								
Oct	4,074	-366	3,708	125	-1,506	-1,381	13	0.01	34	1,469	1,516	135	491	2,041	749	0	3,281	0.55	12	725	-176								
Nov	4,139	-355	3,784	124	-1,451	-1,327	13	0.00	32	1,465	1,510	183	531	2,167	746	0	3,445	0.55	12	748	-238								
Dec																													

Source: Central Bank of Solomon Islands

TABLE 1.2 CENTRAL BANK SURVEY

SBD Millions	Net Foreign Assets				Net Claims on Central Gov't				Claims on other Sectors				Monetary Base				Deposits and Securities Other Than Shares Excluded from Monetary Base				Shares and Other Items (Net) Equity										
	Claims on Non-residents		Total		Claims on Central Gov't		Total		Claims on Financial Corp		Claims on State and local Gov't		Claims on Public Non-Financial Corp		Total		Currency in Circulation		Liabilities to Other Depository Corp			Liabilities to Other Sectors		Total		Securities Other Than Shares Excluded from M3		Securities Other Than Shares Excluded from M3			
	3,909	-257	3,651	-946	82	-1,028	-946	1,165	12	0	0	0	0	0	0	0	0	0	0	0		0	0	0	0	0	0	0	0	0	
2008	716	-9	708	-52	33	138	-190	-52	12	0	0	0	0	0	0	0	0	273	166	2	441	1	5	0	0.4	0	0.4	20	21	275	-37
2009	1,177	-126	1,051	-77	29	124	-201	-77	12	0	0	0	0	0	0	0	0	326	389	2	717	1	5	0	0.4	0	0.4	20	25	317	-40
2010	2,144	-202	1,942	-361	46	117	-479	-361	12	0	0	0	0	0	0	0	0	436	822	5	1,263	1	0.3	0	0.3	0	0.3	57	62	384	-63
2011	3,034	-255	2,778	-838	46	103	-941	-838	12	0	0	0	0	0	0	0	0	526	1,126	7	1,660	201	25	0	0.3	0	0.3	42	43	153	-76
2012	3,668	-255	3,413	-946	45	82	-1,028	-946	12	3	0	0	0	0	0	0	0	599	1,447	9	2,054	357	0.3	0	0.3	0	0.3	12	37	228	-123
2013	3,909	-257	3,651	-1,165	98	75	-1,239	-1,165	12	0	0	0	0	0	0	0	0	603	1,424	7	2,034	602	4	0	0.5	0	0.5	12	16	80	-129
2010	1,264	-122	1,142	-83	26	122	-205	-83	12	0	0	0	0	0	0	0	0	339	444	2	784	1	0.3	0	0.3	0	0.3	49	49	318	-50
Mar	1,471	-158	1,314	-137	19	121	-259	-137	12	0	0	0	0	0	0	0	0	359	563	4	925	8	0.3	0	0.3	0	0.3	57	57	280	-59
Jun	1,695	-164	1,531	-63	6	119	-182	-63	12	0	0	0	0	0	0	0	0	358	769	3	1,130	8	0.3	0	0.3	0	0.3	52	53	361	-62
Sep	2,144	-202	1,942	-361	46	117	-479	-361	12	0	0	0	0	0	0	0	0	436	822	5	1,263	1	0.3	0	0.3	0	0.3	57	57	384	-63
Dec	2,309	-205	2,104	-373	18	118	-491	-373	12	0	0	0	0	0	0	0	0	449	908	4	1,360	41	0.3	0	0.3	0	0.3	44	45	385	-65
2011	2,600	-195	2,405	-639	13	111	-750	-639	12	0	0	0	0	0	0	0	0	475	928	8	1,410	151	0.3	0	0.3	0	0.3	42	43	258	-67
Mar	2,702	-222	2,480	-675	5	105	-781	-675	12	0	0	0	0	0	0	0	0	470	1,002	3	1,475	241	0.2	0	0.3	0	0.3	44	45	136	-71
Jun	3,034	-255	2,778	-838	46	103	-941	-838	12	0	0	0	0	0	0	0	0	526	1,126	7	1,660	201	25	0	0.3	0	0.3	42	43	153	-76
Sep	3,280	-256	3,024	-925	1	101	-1,026	-925	12	0	0	0	0	0	0	0	0	515	1,213	8	1,737	241	25	0	0.3	0	0.3	24	24	178	-87
Dec	3,507	-251	3,256	-1,001	32	91	-1,092	-1,001	12	0	0	0	0	0	0	0	0	543	1,398	12	1,95	273	25	0	0.3	0	0.3	13	37	123	-82
2012	3,656	-253	3,403	-1,007	21	84	-1,091	-1,007	12	0	0	0	0	0	0	0	0	537	1,443	6	1,987	321	25	0	0.3	0	0.3	12	37	173	-84
Mar	3,668	-255	3,413	-946	45	82	-1,028	-946	12	3	0	0	0	0	0	0	0	599	1,447	9	2,054	357	0.3	0	0.3	0	0.3	12	37	228	-123
Jan	3,674	-257	3,415	-991	0	82	-1,072	-991	12	0	0	0	0	0	0	0	0	542	1,268	9	1,819	501	0.3	0	0.3	0	0.3	12	12	235	-124
Feb	3,575	-250	3,325	-945	3	81	-1,026	-945	12	0	0	0	0	0	0	0	0	531	1,308	7	1,846	501	0.3	0	0.3	0	0.3	12	13	164	-123
Mar	3,649	-249	3,400	-1,080	10	80	-1,161	-1,080	12	0	0	0	0	0	0	0	0	553	1,204	6	1,763	501	0.3	0	0.4	0	0.4	12	13	198	-128
Apr	3,808	-249	3,559	-1,164	23	80	-1,243	-1,164	12	0	0	0	0	0	0	0	0	555	1,302	6	1,863	501	3	0	0.4	0	0.4	12	13	185	-128
May	3,762	-249	3,513	-1,177	13	148	-1,325	-1,177	12	0	0	0	0	0	0	0	0	538	1,444	7	1,989	401	3	0	0.4	0	0.4	12	15	87	-127
Jun	3,742	-249	3,494	-1,267	30	79	-1,346	-1,267	12	0	0	0	0	0	0	0	0	540	1,259	8	1,807	537	3	0	0.4	0	0.4	12	15	44	-128
Jul	3,733	-251	3,483	-1,174	17	78	-1,252	-1,174	12	0	0	0	0	0	0	0	0	547	1,433	7	1,987	452	3	0	0.4	0	0.4	12	15	22	-132
Aug	3,661	-249	3,412	-1,149	12	78	-1,227	-1,149	12	0	0	0	0	0	0	0	0	535	1,405	7	1,947	467	3	0	0.4	0	0.4	12	15	-20	-117
Sep	3,781	-257	3,524	-1,197	0	78	-1,275	-1,197	12	0	0	0	0	0	0	0	0	530	1,299	8	1,836	527	3	0	0.4	0	0.4	12	15	101	-134
Oct	3,809	-259	3,550	-1,214	4	77	-1,291	-1,214	12	0	0	0	0	0	0	0	0	539	1,273	7	1,819	527	3	0	0.4	0	0.4	12	15	133	-135
Nov	3,826	-254	3,572	-1,283	9	75	-1,358	-1,283	12	0	0	0	0	0	0	0	0	543	1,286	6	1,836	542	4	0	0.4	0	0.4	12	15	58	-135
Dec	3,909	-257	3,651	-1,165	98	75	-1,239	-1,165	12	0	0	0	0	0	0	0	0	603	1,424	7	2,034	602	4	0	0.5	0	0.5	12	16	80	-129

Source: Central Bank of Solomon Islands

TABLE 1.3 OTHER DEPOSITORY CORPORATIONS

SBD Millions	Net Foreign Assets			Claims on Central Bank				Net Claims on Central Gov't				Claims on Other Sectors						Other Items (Net)		
	Claims on Non-residents	Liabilities to Non-residents	Total	Currency	Reserve deposits & securities other than shares	Other Claims on Central Bank	Total	Claims on Central Gov't	Liabilities to Central Gov't	Total	Claims on Other Financial Corp.	Claims on State and Local Gov't	Claims on Public Non Financial Corp	Claims on Private Sector	Total	Liabilities to Central Bank	Transferable Deposits Included in Broad Money		Other Deposits Included in Broad Money	Shares and other Equity
2008	143	-6	137	23	166	1	189	116	-26	90	1	0	0	1,272	1,273	33	738	572	340	6
2009	184	-2	181	21	389	1	411	125	-74	51	1	0	0	1,220	1,220	29	816	703	327	-12
2010	141	-89	52	25	822	1	848	121	-68	53	0	0	0	1,163	1,163	46	887	771	491	-80
2011	167	-80	87	45	1,126	199	1,371	101	-129	-28	0	0	0	1,216	1,217	46	1,360	737	597	-93
2012	122	-110	12	66	1,446	357	1,870	66	-163	-97	1	0	36	1,266	1,303	45	1,854	668	612	-91
2013	231	-98	133	71	1,423	602	2,097	50	-212	162	0	0	32	1,458	1,491	98	2,156	746	667	-109
2010																				
Mar	241	-104	137	22	444	1	466	112	-49	63	0	0.1	1,222	1,222	27	700	838	700	437	-113
Jun	218	-116	102	30	562	8	600	113	-89	24	0	0.0	1,215	1,215	19	838	723	442	-101	
Sep	174	-110	64	24	769	8	800	117	-55	62	0	0.0	1,115	1,115	6	857	709	462	-48	
Dec	141	-89	52	25	822	1	848	121	-68	53	0	0.0	1,163	1,163	46	912	771	491	-80	
2011																				
Mar	193	-54	139	30	908	41	980	119	-125	-7	0	0.0	1,124	1,125	18	675	675	504	-81	
Jun	252	-80	172	35	928	151	1,115	118	-169	-51	0	0.1	1,167	1,167	13	1,119	687	529	-57	
Sep	219	-64	155	37	1,002	241	1,280	108	-165	-57	0	0.2	1,133	1,133	5	1,231	662	554	-46	
Dec	167	-80	87	45	1,126	199	1,371	101	-129	-28	0	0.0	1,216	1,217	46	1,336	737	597	-93	
2012																				
Mar	164	-99	65	35	1,215	241	1,491	96	-182	-86	1	0.0	1,204	1,205	1	723	723	615	-60	
Jun	216	-115	102	40	1,400	273	1,712	84	-212	-128	1	0.0	1,204	1,205	32	1,395	697	591	-116	
Sep	190	-101	90	48	1,443	321	1,813	67	-172	-106	0	3	1,225	1,228	21	1,686	678	622	-75	
Dec	122	-110	12	66	1,446	357	1,870	66	-163	-97	1	0.0	1,266	1,303	45	1,780	668	612	-91	
2013																				
Jan	171	-95	76	52	1,268	501	1,821	64	-136	-72	1	0.0	1,323	1,336	0	1,909	665	620	-10	
Feb	143	-94	49	53	1,308	502	1,863	62	-140	-78	1	0.0	1,349	1,389	3	1,984	657	629	-50	
Mar	220	-97	123	42	1,202	501	1,745	60	-137	-77	1	0.4	1,356	1,396	8	1,935	661	67	-54	
Apr	193	-90	103	60	1,301	501	1,863	54	-163	-109	1	0.0	1,365	1,404	23	1,978	667	642	-50	
May	214	-86	128	46	1,445	401	1,892	53	-208	-156	1	0.0	1,379	1,417	13	1,958	726	652	-67	
Jun	244	-86	159	47	1,273	536	1,856	52	-207	-155	1	0.0	1,392	1,431	30	1,909	743	660	-53	
Jul	218	82	136	56	1,433	452	1,941	50	-241	-190	1	0.0	1,396	1,434	17	1,948	742	667	-53	
Aug	248	86	162	50	1,407	467	1,924	51	-181	-130	0	0.3	1,423	1,460	12	2,043	738	673	-50	
Sep	292	97	195	55	1,299	527	1,881	55	-175	-120	1	0.4	1,414	1,452	0	2,055	726	653	-27	
Oct	241	-100	141	63	1,269	532	1,865	57	-160	103	0	35	1,437	1,473	4	1,978	751	665	-24	
Nov	248	-112	136	52	1,288	542	1,882	50	-148	98	0	34	1,462	1,496	9	2,031	749	666	-40	
Dec	231	-98	133	71	1,423	602	2,097	50	-212	162	0	32	1,458	1,491	98	2,156	746	667	-109	

Source: Central Bank of Solomon Islands

TABLE 1.4a - SECTORAL DISTRIBUTION OF COMMERCIAL BANK CREDIT OUTSTANDING *

(SBD '000)

End of Period	Agriculture	Forestry	Fisheries	Mining & Quarrying	Manufacturing	Construction	Transport	Telecommunications	Distribution	Tourism
2008	22,702	145,648	21,960	369	162,661	70,133	33,795	166,412	173,055	60,880
2009	21,230	121,749	55,020	1,405	108,101	110,567	48,714	134,286	180,925	60,602
2010	7,305	84,079	6,677	1,376	70,169	148,841	48,848	93,313	182,508	68,854
2011	10,444	47,344	3,073	6,703	63,115	168,619	59,262	89,397	175,528	78,291
2012	27,204	48,049	3,818	5,119	57,055	189,722	62,509	107,372	165,600	80,149
2013	41,652	39,880	2,950	106	54,056	181,934	72,267	139,640	211,883	103,360
2009										
Mar	24,922	128,999	32,219	3,357	149,085	63,141	49,436	189,186	202,638	62,880
Jun	26,111	126,779	64,170	1,725	108,829	78,668	71,204	177,075	205,158	76,069
Sep	26,414	113,878	63,966	1,591	101,868	102,786	65,407	94,223	197,452	61,453
Dec	21,230	121,749	55,020	1,405	108,101	110,567	48,714	134,286	180,925	60,602
2010										
Mar	9,264	102,446	56,221	1,332	80,589	106,310	39,928	129,890	172,888	62,369
Jun	6,728	98,612	56,030	1,819	79,199	133,678	45,135	126,356	175,294	61,427
Sep	7,601	96,386	5,141	1,425	68,395	141,320	40,431	85,785	178,512	64,056
Dec	7,305	84,079	6,677	1,376	70,169	148,841	48,848	93,313	182,508	68,854
2011										
Mar	9,020	68,939	1,195	638	67,415	136,056	43,000	90,564	190,484	67,737
Jun	9,375	46,605	5,051	1,450	59,947	142,591	45,781	99,300	209,270	63,703
Sep	9,640	46,476	305	6,038	57,086	143,617	51,117	108,010	173,324	81,159
Dec	10,444	47,344	3,073	6,703	63,115	168,619	59,262	89,397	175,528	78,291
2012										
Mar	15,377	47,312	500	8,099	62,484	165,470	89,352	100,197	206,068	78,937
Jun	19,884	46,981	1,637	6,488	58,013	173,760	64,219	89,705	181,115	72,872
Sep	22,149	47,619	4,168	5,311	58,707	179,297	61,631	111,732	159,322	74,087
Dec	27,204	48,049	3,818	5,119	57,055	189,722	62,509	107,372	165,600	80,149
2013										
Jan	26,353	41,981	3,728	5,065	66,777	191,152	61,420	144,595	174,019	81,602
Feb	28,022	36,191	3,611	5,021	67,238	195,206	65,231	150,568	175,482	82,345
Mar	27,720	45,423	3,835	2,844	67,000	193,421	65,374	144,595	172,895	82,200
Apr	28,408	39,051	3,717	2,821	60,979	194,427	71,821	148,342	172,041	89,934
May	30,788	42,082	3,614	256	58,282	174,734	68,648	148,400	176,873	85,415
Jun	32,974	25,931	3,670	174	55,500	191,773	67,806	158,848	199,812	73,732
Jul	32,841	39,425	3,554	166	56,660	184,530	66,122	154,495	196,698	92,077
Aug	36,275	42,867	3,428	164	54,945	182,623	63,845	153,886	205,180	93,883
Sep	39,693	41,877	3,319	163	52,501	184,961	62,157	148,949	210,834	96,775
Oct	41,311	38,161	3,198	164	53,805	181,756	65,010	160,374	207,745	103,672
Nov	43,021	37,415	3,083	110	52,617	185,462	71,469	145,632	214,097	102,995
Dec	41,652	39,880	2,950	106	54,056	181,934	72,267	139,640	211,883	103,360

* Part of this table is continued on the next page

Source: Central Bank of Solomon Islands

TABLE 1.4b - SECTORAL DISTRIBUTION OF COMMERCIAL BANK CREDIT OUTSTANDING (Cont.)

(SBD'000)

End of Period	Entertainment and Catering	Central Government	Provincial Assemblies & Local government	Statutory Corporations	Private Financial Institutions	Professional & Other Services	Personal	Non Resident	Grand TOTAL
2009	3,747	203	769	0	62	44,367	302,510	3,560	1,197,819
2010	8,450	0	1	1	82	55,724	299,080	152	1,075,460
2011	13,469	2	-	98	151	63,466	310,280	151	1,089,391
2012	16,090	3	433	35,763	99	68,783	374,710	202	1,242,680
2013	12,165	-	0	32,275	4,730	67,063	471,918	137	1,436,016
2009									
Mar	2,212	279	565	0	641	59,381	274,548	3,269	1,187,337
Jun	2,578	298	349	6	561	54,046	280,026	3,479	1,180,483
Sep	3,478	205	237	0	361	49,827	295,726	3,666	1,211,116
Dec	3,747	203	769	0	62	44,367	302,510	3,560	1,197,819
2010									
Mar	8,358	2,446	42	-	42	71,355	330,560	164	1,174,202
Jun	7,295	392	-	-	93	65,891	308,229	128	1,166,306
Sep	8,329	1,128	162	-	93	62,797	305,298	158	1,067,018
Dec	8,450	0	-	1	82	55,724	299,080	152	1,075,460
2011									
Mar	8,816	168	194	182	76	67,278	304,413	211	1,056,386
Jun	8,700	1	8	269	2,493	63,848	306,929	220	1,065,541
Sep	14,246	0	-	108	154	59,330	310,110	140	1,061,861
Dec	13,469	2	-	98	151	63,466	310,280	151	1,089,391
2012									
Mar	12,659	0	0	424	79	63,521	312,252	89	1,170,179
Jun	16,561	0	0	370	191	67,591	332,389	152	1,131,928
Sep	16,051	8	0	2,926	99	69,117	358,022	320	1,171,133
Dec	16,090	3	433	35,763	99	68,783	374,710	202	1,242,680
2013									
Jan	16,091	0	0	35,397	102	63,703	381,275	348	1,297,102
Feb	16,174	0	0	39,479	101	64,593	392,422	319	1,322,003
Mar	15,963	0	392	38,799	97	65,974	403,395	222	1,330,149
Apr	15,837	2	3,768	41,267	100	58,651	412,965	222	1,344,354
May	15,926	3	1	37,671	6,582	63,130	431,408	213	1,344,026
Jun	16,058	2	1	38,090	94	67,865	416,057	269	1,348,657
Jul	15,478	2	97	36,737	6,287	58,564	424,025	198	1,367,956
Aug	16,315	2	243	36,731	90	66,387	427,541	188	1,384,593
Sep	12,958	3,128	400	36,671	89	70,543	434,480	362	1,399,860
Oct	12,926	7,445	0	34,931	101	70,331	438,486	141	1,419,557
Nov	12,238	-	0	34,332	86	79,755	457,180	136	1,439,628
Dec	12,165	-	0	32,275	4,730	67,063	471,918	137	1,436,016

Source: Central Bank of Solomon Islands

TABLE 1.5. - OTHER DEPOSITORY CORPORATIONS LIQUID ASSETS POSITION

(SBD'000)

End of Period	ELIGIBLE RESERVE ASSETS			REQUIRED RESERVE ASSETS		OTHER LIQUID ASSETS	SURPLUS/DEFECIT
	Till Cash	Balance with CBSI	Government Securities	Total	CBSI Securities		
2008	20,369	165,906	-	165,906	98,139	-	67,768
2009	20,176	389,342	-	389,342	114,942	-	274,399
2010	24,938	822,373	-	822,373	125,592	-	696,781
2011	45,287	1,125,909	-	1,125,909	159,355	199,853	962,086
2012	65,908	1,446,449	-	1,446,449	198,622	355,873	1,250,687
2013	71,017	1,423,681	-	1,423,681	217,611	599,817	1,206,070
2009							
Mar	18,939	174,771	-	174,771	97,369	-	77,402
Jun	21,710	157,684	-	157,684	101,923	-	55,761
Sep	21,291	271,025	-	271,025	104,676	-	166,349
Dec	20,839	389,342	-	389,342	114,942	-	274,399
2010							
Mar	21,739	443,693	-	443,693	120,600	-	323,093
June	30,448	562,559	-	562,559	126,096	-	436,463
Sep	23,648	768,942	-	768,942	127,038	-	641,904
Dec	24,584	822,373	-	822,373	128,702	-	693,671
2011							
Mar	30,446	907,775	-	907,775	138,863	39,969	768,912
Jun	35,337	927,606	-	927,606	151,329	149,885	776,277
Sep	36,566	1,001,749	-	1,001,749	157,533	239,816	844,216
Dec	45,287	1,125,909	-	1,125,909	163,823	199,853	962,086
2012							
Mar	34,499	1,213,354	-	1,213,354	170,533	240,094	1,040,446
Jun	39,601	1,398,291	-	1,398,291	186,213	239,985	1,211,532
Sep	48,029	1,445,543	-	1,445,543	194,174	319,859	1,248,899
Dec	65,908	1,446,449	-	1,446,449	198,622	355,873	1,250,687
2013							
Jan	51,210	1,276,566	-	1,276,566	199,386	499,843	1,077,179
Feb	52,576	1,307,997	-	1,307,997	203,849	499,844	1,104,149
Mar	41,100	1,204,330	-	1,204,330	202,337	499,832	1,001,992
Apr	59,496	1,293,527	-	1,293,527	205,381	499,819	1,088,146
May	45,365	1,444,347	-	1,444,347	212,302	399,852	1,232,045
Jun	46,298	1,258,565	-	1,258,565	209,570	534,784	1,048,996
Jul	56,036	1,430,255	-	1,430,255	206,451	449,821	1,223,805
Aug	50,068	1,404,494	-	1,404,494	211,737	464,817	1,192,756
Sep	55,289	1,298,608	-	1,298,608	208,632	524,783	1,089,977
Oct	63,006	1,269,007	-	1,269,007	210,644	524,779	1,058,363
Nov	51,735	1,290,206	-	1,290,206	219,063	539,771	1,071,143
Dec	71,017	1,423,681	-	1,423,681	217,611	599,817	1,206,070

Note: As of November 2008, till cash no longer considered as liquid asset. Source: Central Bank of Solomon Islands

TABLE 1.6 - OTHER DEPOSITORY CORPORATIONS CLEARING

(SBD'000)

End of Period	Jan.	Feb.	Mar.	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
2005												
Value	272.86	217.94	275.33	282.66	272.47	213.47	304.45	257.39	304.19	273.86	254.14	282.05
Daily Average	12.40	10.89	11.97	14.13	12.99	10.17	16.91	11.19	13.83	13.04	11.55	13.43
2006												
Value	295.86	241.72	309.30	295.73	310.04	286.70	384.64	290.08	233.60	276.1	338.05	382.26
Daily Average	13.45	12.09	13.45	18.48	13.49	14.34	19.23	12.61	11.12	12.55	14.70	20.11
2007												
Value	390.08	284.84	349.43	300.38	367.52	315.32	311.17	469.476	98.4	399.0	416.3	469.0
Daily Average	17.73	14.24	15.88	16.69	15.98	15.77	14.14	20.412	4.92	17.3	18.1	22.3
2008												
Value	453.42	308.4	351.6	351.6	405.4	426.04	475.6	641.2	463.6	375.86	474.1	499.58
Daily Average	20.61	15.42	17.58	17.58	20.27	21.30	23.78	32.06	23.18	18.79	23.7	24.98
2009												
Value	543.90	352.00	422.00	373.76	498.76	402.21	495.77	412.93	474.00	576.52	404.33	553.81
Daily Average	25.9	17.6	21.1	19.7	20.0	20.3	21.2	20.51	20.6	23.6	16.7	30.0
2010												
Value	453.10	435.33	488.14	496.52	511.37	471.5	602.82	445.06	681.72	649.03	485.38	680.83
Daily Average	26.55	20.93	24.01	23.91	26.06	23.75	24.23	23.66	36.96	25.52	23.83	32.9
2011												
Value	493.37	496.78	524.21	672.13	545.74	650.54	589.39	660.31	743.77	596.73	585.61	841.81
Daily Average	27.13	25.21	27.18	22.84	20.39	37.73	28.7	32.8	29.11	29.27	28.78	34.11
2012												
Value	576.01	481.12	457.87	580.17	657.48	898.72	749.46	833.07	731.78	714.08	811.74	780.58
Daily Average	34.08	22.03	27.04	28.94	31.77	40.24	38.20	32.74	35.57	35.17	35.59	20.74
2013												
Value	670.65	704.11	841.03	689.33	1001.90	1110.47	736.10	997.10	779.63	913.33	815.83	923.61
Daily Average	40.75	36.59	32.18	33.03	39.81	53.5	35.8	37.31	36.31	35.60	37.20	45.29

Source: Central Bank of Solomon Islands.

TABLE 1.7 - DETAILS OF CURRENCY IN CIRCULATION

(SBD'000)

End of Period	(1) Total Currency in Circulation Outside CBSI	(2) Currency held in ODCs	(3) Currency in active Circulation (1-2)
2009	326,063	20,839	305,224
2010	436,414	24,584	411,830
2011	526,446	45,287	481,159
2012	599,212	66,382	533,830
2013	602,516	71,017	531,499
2010			
Mar	338,762	21,739	317,023
Jun	358,477	30,448	328,029
Sep	357,648	23,648	334,000
Dec	436,414	24,584	411,830
2011			
Mar	448,824	30,446	418,378
Jun	474,750	35,337	439,413
Sep	470,140	36,566	433,574
Dec	526,446	45,287	481,159
2012			
Mar	515,441	34,977	480,463
Jun	542,967	39,601	503,366
Sep	537,150	48,029	489,122
Dec	599,212	66,382	532,830
2013			
Jan	542,234	51,684	490,550
Feb	531,342	53,050	478,292
Mar	552,828	41,574	511,254
Apr	554,879	59,970	494,909
May	538,126	45,839	492,287
Jun	540,246	46,772	493,474
Jul	547,264	56,036	491,228
Aug	535,026	50,068	484,958
Sep	529,500	55,289	474,211
Oct	539,010	63,006	476,004
Nov	543,378	51,735	491,643
Dec	602,516	71,017	531,499

Note : ODCs includes Credit Unions
 Source: Central Bank of Solomon Islands

TABLE 1.8 - VALUE OF CURRENCY IN CIRCULATION BY DENOMINATION ISSUED BY CENTRAL BANK

(SBD '000)

Period	NOTES										COINS							TOTAL NOTES & COINS
	\$100	\$50	\$20	\$10	\$5	\$2	TOTAL	\$2	\$1	50c	20c	10c	5c	2c	1c	TOTAL		
2009	231587	51295	10532	11384	5344	6528	316670	6528	7979	4435	3949	3010	928	151	116	20568	337238	
2010	336470	50341	13343	11560	5981	7608	425303	7608	4296	2603	2178	1584	473	75	58	11267	436570	
2011	416929	53661	15760	12988	7103	7674	514115	7674	4791	3056	2323	1650	473	75	58	12430	526545	
2012	489770	53195	15187	12908	7300	6733	585093	6733	4430	2815	2008	1613	473	75	58	11472	596565	
2013	506727	47027	16640	13684	7588	4792	596458	4792	3996	2184	711	373	0	0	0	13848	610306	
2010	248537	45067	11291	11175	5352	6616	328038	6616	4130	2448	2111	1583	470	75	58	10875	338913	
2011	268229	44119	12318	11080	5522	7033	348301	7033	4179	2495	2131	1582	471	75	58	10991	359292	
2012	265294	45217	12400	10856	5542	7303	346612	7303	4253	2558	2157	1584	471	75	58	11156	357768	
2013	336470	50341	13343	11560	5981	7608	425303	7608	4296	2603	2178	1584	473	75	58	11267	436570	
2011	348559	49505	14092	11859	6129	7524	437668	7524	4352	2655	2198	1589	474	75	58	11401	449069	
2012	370314	51816	14870	12464	6510	7332	463306	7332	4489	2774	2241	1614	475	75	58	11726	475032	
2013	367541	48791	15073	12566	6796	7523	458290	7523	4648	2930	2284	1629	476	75	58	12100	470390	
2010	416929	53661	15760	12988	7103	7674	514115	7674	4791	3056	2323	1650	477	75	58	12430	526545	
2011	410158	51234	14759	12244	6918	7696	503009	7696	4884	3149	2340	1659	477	75	58	12642	515651	
2012	431438	53558	15891	12800	7227	8060	528974	8060	4946	3199	2351	1664	477	75	58	12770	541744	
2013	430867	50675	15368	12624	7149	7530	524213	7530	6240	4880	3234	1711	476	76	58	16675	540888	
2010	489770	53195	15187	12908	7300	6733	585093	6733	4430	2815	2008	1613	473	75	58	11472	596565	
2011	443883	44192	14550	12568	7153	6333	528679	6333	1476	967	377	217	0	0	0	5235	533914	
2012	433343	45666	14436	12421	7098	6118	519082	6118	1730	1129	421	240	0	0	0	6093	525175	
2013	453361	46388	15053	12715	7223	6032	540772	6032	2006	1288	454	256	0	0	0	7017	547790	
2010	454090	45154	15411	13019	7387	5879	540940	5879	2442	1508	501	281	0	0	0	8422	549362	
2011	438189	42519	15790	13309	7562	5750	523119	5750	2738	1642	548	302	0	0	0	9426	532545	
2012	441162	40524	16321	13551	7683	5599	524840	5599	2928	1743	574	316	0	0	0	10064	534904	
2013	449340	38500	16378	13587	7716	5468	530989	5468	3226	1906	617	335	0	0	0	11089	542078	
2010	440430	36088	16471	13550	7700	5310	519549	5310	3439	2037	651	348	0	0	0	11869	531418	
2011	447305	35692	16718	13541	7625	5150	526031	5150	3601	2037	660	355	0	0	0	12407	538438	
2012	457847	36043	16663	13616	7525	5030	536724	5030	3706	2073	677	358	0	0	0	12822	549546	
2013	466751	40926	16637	13529	7513	4919	550275	4919	3863	2149	699	367	0	0	0	13403	563678	
2010	506727	47027	16640	13684	7588	4792	596458	4792	3996	2184	711	373	0	0	0	13848	610306	

Source: Central Bank of Solomon Islands

TABLE 1.9 - OTHER DEPOSITORY CORPORATIONS INTEREST RATES ON DEPOSITS

(%)

Period	T I M E D E P O S I T S															Weighted Ave. rate of Interest on Deposits	
	SAVINGS DEPOSITS		Up to 3 months		3 months to 6 months		6 months to 1 year		1 year to 2 years		2 years to 3 years		3 years to 5 years				
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max			
2009	0.25	2.00	0.75	3.00	1.50	3.50	2.00	3.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.65
2010	0.01	2.50	0.25	11.50	0.25	12.00	0.25	12.00	0.50	13.50	0.50	9.00	0.75	8.00	0.00	8.00	3.24
2011	0.01	2.50	0.25	6.00	0.10	6.50	0.25	10.00	0.25	9.50	0.25	8.00	0.00	0.00	0.00	0.00	1.34
2012	0.01	2.50	0.05	9.00	0.05	9.00	0.25	9.00	0.25	9.50	0.05	9.00	0.00	0.00	0.00	0.00	0.65
2013	0.20	2.50	0.05	3.00	0.05	3.00	0.05	3.50	0.10	3.00	0.25	1.00	0.00	0.00	0.00	0.00	0.21
2010																	
Mar	0.25	2.50	0.25	12.50	0.25	12.00	0.50	11.50	0.50	13.50	0.50	5.25	8.00	8.00	8.00	8.00	3.58
Jun	0.25	2.50	0.25	12.00	0.25	10.00	0.50	11.50	0.50	13.50	0.50	4.50	8.00	8.00	8.00	8.00	2.96
Sep	0.25	2.50	0.25	11.00	0.25	11.50	0.50	12.00	0.50	13.50	0.50	3.50	8.00	8.00	9.00	8.00	2.82
Dec	0.01	2.50	0.25	11.50	0.25	12.00	0.25	12.00	0.50	13.50	0.50	9.00	0.75	8.00	8.00	8.00	3.24
2011																	
Mar	0.25	2.50	0.25	12.00	0.25	12.00	0.25	11.00	0.50	13.50	0.50	8.00	0.75	0.75	0.75	0.75	2.66
Jun	0.01	2.50	0.25	12.00	0.25	11.00	0.25	11.00	0.50	13.50	0.50	12.00	0.75	0.75	0.75	0.75	3.81
Sep	0.01	2.50	0.25	11.00	0.10	9.50	0.25	9.00	0.25	9.00	0.25	8.00	0.00	0.00	0.00	0.00	1.49
Dec	0.01	2.50	0.25	6.00	0.10	6.50	0.25	10.00	0.25	9.50	0.25	8.00	0.00	0.00	0.00	0.00	1.36
2012																	
Mar	0.01	2.50	0.25	4.50	0.25	9.00	0.25	10.00	0.25	9.50	0.25	3.50	0.00	0.00	0.00	0.00	1.34
Jun	0.01	2.50	0.20	9.00	0.25	10.00	0.25	9.00	0.25	9.50	0.25	3.50	0.00	0.00	0.00	0.00	1.13
Sep	0.20	2.50	0.05	10.00	0.05	9.00	0.25	9.00	0.25	9.50	0.25	1.50	0.00	0.00	0.00	0.00	0.69
Dec	0.01	2.50	0.05	9.00	0.05	9.00	0.05	9.00	0.25	9.50	0.05	9.00	0.00	0.00	0.00	0.00	0.65
2013																	
Jan	0.01	2.5	0.05	9.00	0.05	9.00	0.05	9.50	0.10	9.00	0.10	3.00	0.00	0.00	0.00	0.00	0.63
Feb	0.01	2.5	0.05	9.00	0.05	9.00	0.05	9.50	0.10	9.00	0.25	2.00	0.00	0.00	0.00	0.00	0.52
Mar	0.01	2.5	0.05	5.00	0.05	9.00	0.05	9.50	0.10	9.00	0.25	2.25	0.00	0.00	0.00	0.00	0.28
Apr	0.01	3.00	0.05	9.00	0.05	9.00	0.05	9.50	0.10	9.00	0.25	2.00	0.00	0.00	0.00	0.00	0.22
May	0.01	3.00	0.05	9.00	0.05	9.50	0.05	8.00	0.10	9.00	0.25	1.00	0.00	0.00	0.00	0.00	0.19
Jun	0.20	3.00	0.05	9.00	0.05	9.50	0.05	8.00	0.10	9.00	0.25	1.00	0.00	0.00	0.00	0.00	0.20
Jul	0.01	2.50	0.05	3.00	0.05	5.00	0.05	3.00	0.10	3.50	0.25	2.25	0.00	0.00	0.00	0.00	0.20
Aug	0.01	2.50	0.05	3.00	0.05	5.00	0.05	3.00	0.10	3.50	0.25	1.00	0.00	0.00	0.00	0.00	0.19
Sep	0.20	2.50	0.05	5.00	0.05	3.00	0.05	3.50	0.10	3.00	0.25	1.00	0.00	0.00	0.00	0.00	0.20
Oct	0.20	2.50	0.05	5.00	0.05	3.00	0.05	3.50	0.10	3.00	0.25	1.00	0.00	0.00	0.00	0.00	0.20
Nov	0.20	2.50	0.05	5.00	0.05	3.00	0.05	3.50	0.10	3.00	0.25	1.00	0.00	0.00	0.00	0.00	0.21
Dec	0.20	2.50	0.05	3.00	0.05	3.00	0.05	3.50	0.10	3.00	0.25	1.00	0.00	0.00	0.00	0.00	0.21

Source: Central Bank of Solomon Islands

TABLE 1.10 a - OTHER DEPOSITORY CORPORATIONS INTEREST RATES ON LOANS AND OVERDRAFTS

Period	Manufacturing		Agriculture		Forestry		Fisheries		Mining & Quarrying		Construction		Distribution		Tourism	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
2009	n.a	n.a	0.00	0.00	0.00	n.a	n.a	n.a	n.a	n.a	n.a	n.a	0.00	n.a	n.a	n.a
2010	9.00	24.50	11.00	24.50	0.00	n.a	n.a	16.00	n.a	n.a	n.a	n.a	7.75	n.a	n.a	n.a
2011	8.00	23.00	9.00	23.00	0.00	n.a	n.a	10.5	n.a	n.a	n.a	23.00	5.70	n.a	n.a	n.a
2012	8.75	23.00	4.05	23.00	8.50	22.00	22.00	14.50	22.00	8.50	14.50	26.00	4.05	23.00	7.25	23.00
2013	8.00	23.00	3.6	23.00	8.50	22.00	22.00	14.50	22.00	7.00	22.00	26.00	4.05	23.00	7.25	23.00
2009	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Mar	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Jun	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Sep	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Dec	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
2010	10.84	24.34	14.52	24.23	n.a	n.a	n.a	10.57	26.00	n.a	n.a	n.a	6.00	n.a	n.a	n.a
Mar	10.51	24.37	14.09	25.48	n.a	n.a	n.a	4.64	25.95	n.a	n.a	n.a	6.00	n.a	n.a	n.a
Jun	9.00	24.50	11.00	24.50	n.a	n.a	n.a	4.00	24.50	n.a	n.a	n.a	7.75	n.a	n.a	n.a
Sep	9.00	24.50	11.00	24.50	n.a	n.a	n.a	16.00	22.00	n.a	n.a	n.a	7.75	n.a	n.a	n.a
Dec	9.00	24.50	11.00	24.50	n.a	n.a	n.a	16.00	22.00	n.a	n.a	n.a	7.75	n.a	n.a	n.a
2011	4.00	24.50	11.00	24.50	n.a	n.a	n.a	0.25	22.00	n.a	n.a	n.a	7.75	n.a	n.a	n.a
Mar	9.00	24.50	11.00	24.50	n.a	n.a	n.a	4.00	24.50	n.a	n.a	n.a	7.75	n.a	n.a	n.a
Jun	10.25	24.50	9.00	24.50	n.a	n.a	n.a	16.00	22.00	n.a	n.a	n.a	7.75	n.a	n.a	n.a
Sept	8.00	23.00	9.00	23.00	n.a	n.a	n.a	10.50	22.00	n.a	n.a	n.a	5.70	n.a	n.a	n.a
Dec	4.50	23.00	9.00	23.00	4.50	23.00	23.00	0.00	0.00	8.50	17.00	23.00	5.70	23.00	8.25	23.00
2012	8.75	22.00	9.00	23.00	8.50	22.00	22.00	22.00	22.00	8.50	22.00	23.00	6.00	29.00	8.25	23.00
Mar	8.75	23.00	9.00	23.00	8.50	22.00	22.00	14.50	23.00	8.50	22.00	23.00	4.50	23.00	8.25	23.00
Jun	8.75	23.00	4.05	23.00	8.50	22.00	22.00	14.50	22.00	8.50	19.50	23.00	4.05	23.00	7.25	23.00
Sep	8.75	23.00	4.05	23.00	8.50	22.00	22.00	14.50	22.00	8.50	19.50	23.00	4.05	23.00	7.25	23.00
Dec	8.75	23.00	4.05	23.00	8.50	22.00	22.00	14.50	22.00	8.50	19.50	23.00	4.05	23.00	7.25	23.00
2013	8.75	23.00	4.05	23.00	8.50	22.00	22.00	14.50	23.00	8.50	19.50	23.00	4.05	23.00	7.25	23.00
Jan	8.75	23.00	4.05	23.00	10.00	22.00	22.00	14.50	23.00	8.50	19.50	23.00	4.05	22.00	7.25	23.00
Feb	8.75	23.00	4.05	23.00	9.00	22.00	22.00	14.50	23.00	8.50	19.50	23.00	4.05	23.00	7.25	23.00
Mar	8.75	23.00	4.05	23.00	9.00	22.00	22.00	14.50	23.00	8.50	15.50	23.00	4.05	23.00	7.25	23.00
Apr	8.75	23.00	4.05	23.00	9.00	22.00	22.00	14.50	23.00	8.50	15.50	23.00	4.05	23.00	7.25	23.00
May	8.75	23.00	4.05	23.00	9.00	22.00	22.00	14.50	23.00	12.25	22.00	23.00	4.05	23.00	7.25	23.00
Jun	8.75	23.00	4.05	23.00	9.00	22.00	22.00	14.50	23.00	12.25	22.00	23.00	4.05	23.00	7.25	23.00
Jul	8.00	23.00	4.05	23.00	8.50	22.00	22.00	14.50	23.00	12.25	22.00	23.00	4.05	23.00	7.25	23.00
Aug	8.75	23.00	3.6	22.50	7.50	22.00	22.00	14.50	23.00	12.25	22.00	23.00	4.05	23.00	7.25	23.00
Sep	8.75	23.00	4.05	23.00	7.50	22.00	22.00	14.50	23.00	7.00	22.00	23.00	4.05	23.00	7.25	23.00
Oct	8.75	23.00	4.05	23.00	7.50	22.00	22.00	14.50	23.00	7.00	17.00	26.00	4.05	23.00	7.25	23.00
Nov	8.75	23.00	4.05	23.00	7.50	22.00	22.00	14.50	23.00	15.50	17.50	26.00	7.50	26.00	7.25	23.00
Dec	8.00	23.00	3.6	23.00	8.50	22.00	22.00	14.50	23.00	7.00	22.00	26.00	4.05	23.00	7.25	23.00

Source: Central Bank of Solomon Islands

TABLE 1.10 b - OTHER DEPOSITORY CORPORATIONS INTEREST RATES ON LOANS AND OVERDRAFTS (cont.)

Period	Transportation		Communication		Entertainment & Catering		Private Financial Institution		Professional & other Services		Personal		Non-residents	
	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max	Min	Max
2009	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	11.70	n.a	n.a	n.a
2010	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	4.00	n.a	n.a	n.a
2011	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	3.60	n.a	n.a	n.a
2012	6.00	23.00	7.00	16.50	9.00	22.00	8.00	10.50	7.00	23.00	3.60	23.00	n.a	n.a
2013	4.05	23.00	6.85	20.50	6.00	22.00	11.50	22.00	4.05	23.00	3.60	34.00	6.20	17.50
2009	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	11.70	n.a	n.a	n.a
Mar	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	11.70	n.a	n.a	n.a
Jun	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	11.70	n.a	n.a	n.a
Sep	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	11.70	n.a	n.a	n.a
Dec	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	11.70	n.a	n.a	n.a
2010	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	3.70	n.a	n.a	n.a
Mar	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	3.70	n.a	n.a	n.a
Jun	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	2.00	n.a	n.a	n.a
Sep	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	4.00	n.a	n.a	n.a
Dec	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	4.00	n.a	n.a	n.a
2011	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	1.73	n.a	n.a	n.a
Mar	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	1.73	n.a	n.a	n.a
Jun	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	1.73	n.a	n.a	n.a
Sept	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	3.60	n.a	n.a	n.a
Dec	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	3.60	n.a	n.a	n.a
2012	6.00	23.00	8.50	20.50	9.75	23.00	17.00	22.00	7.00	23.00	3.60	23.00	n.a	n.a
Mar	6.00	23.00	8.50	22.00	9.75	22.00	10.00	19.75	7.00	23.00	3.60	23.00	n.a	n.a
Jun	6.00	22.00	7.00	22.00	9.75	22.00	10.50	10.50	7.00	23.00	3.60	23.00	n.a	n.a
Dec	6.00	23.00	7.00	16.50	9.00	22.00	8.00	10.50	7.00	23.00	3.60	23.00	n.a	n.a
2013	8.00	22.00	7.00	16.50	9.00	23.00	10.50	22.00	7.00	23.00	3.60	23.00	6.20	19.75
Jan	8.50	23.00	7.00	16.50	9.00	23.00	11.50	22.00	7.00	29.00	3.60	23.00	6.20	19.75
Feb	8.00	22.00	7.00	16.50	9.00	23.00	11.50	22.00	7.00	29.00	3.60	23.00	6.20	19.50
Mar	8.00	22.00	7.00	20.50	9.00	22.00	11.50	22.00	7.00	23.00	3.60	23.00	6.20	19.75
Apr	8.00	22.00	7.00	17.50	9.00	22.00	11.50	22.00	7.00	23.00	3.60	23.00	6.20	19.50
May	8.00	22.00	7.00	16.50	9.00	22.00	11.50	22.00	7.00	23.00	3.60	23.00	6.20	19.75
Jun	8.00	22.00	7.00	16.50	9.00	22.00	11.50	22.00	7.00	23.00	3.60	23.00	6.20	19.75
Jul	8.00	23.00	7.00	16.50	9.00	22.00	11.50	22.00	4.05	23.00	3.60	23.00	9.95	19.50
Aug	8.00	23.00	7.00	13.50	9.00	22.00	11.50	11.50	4.05	23.00	3.60	27.50	9.95	19.50
Sep	8.00	22.00	7.00	19.50	9.00	22.00	11.50	11.50	4.05	23.00	3.60	27.50	9.95	19.50
Oct	8.00	22.00	7.00	17.59	9.00	22.00	11.50	22.00	4.05	27.00	3.60	27.50	15.00	17.50
Nov	9.00	22.00	6.85	17.22	9.75	22.00	11.50	22.00	4.05	23.00	3.60	34.00	15.00	17.50
Dec	4.05	22.00	6.85	20.50	6.00	22.00	11.50	22.00	4.05	23.00	3.60	34.00	15.00	17.50

Source: Central Bank of Solomon Islands

TABLE 1.11 - COMPARATIVE TREASURY BILL RATES

Period	Solomon Islands	Fiji	Papua New Guinea	Australia	New Zealand	U.S.A	United Kingdom
2009	4.00	3.00	6.99	3.69	2.60	0.07	0.41
2010	3.35	3.87	3.23	4.84	3.05	0.13	0.53
2011	2.42	n.a	3.87	4.01	n.a	0.02	0.30
2012	0.66	n.a	1.95	n.a	2.46	0.08	0.25
2013	0.34	0.10	2.52	n.a	2.49	0.07	0.28
2010							
Mar	4.00	3.00	3.91	4.58	3.04	0.15	0.50
Jun	4.00	n.a	4.42	4.56	2.63	0.12	0.48
Sep	3.35	3.93	3.76	4.64	2.98	0.15	0.51
Dec	3.35	3.87	3.23	4.84	3.05	0.13	0.53
2011							
Mar	2.59	3.50	4.27	4.75	2.50	0.11	0.56
Jun	2.60	2.43	4.31	4.74	2.50	0.04	0.52
Sep	2.54	n.a	4.23	4.36	2.40	0.02	0.46
Dec	2.42	n.a	3.87	4.01	na	0.02	0.30
2012							
Mar	2.19	0.80	2.90	4.18	2.43	0.09	0.43
Jun	1.50	n.a	n.a	3.20	2.47	0.09	0.34
Sep	1.00	0.43	2.75	3.35	2.51	0.10	0.25
Dec	0.66	n.a	1.95	n.a	2.46	0.08	0.25
2013							
Jan	0.30	0.24	2.14	2.93	2.45	0.07	0.27
Feb	0.59	0.20	2.00	2.88	2.42	0.10	0.31
Mar	0.40	0.20	1.90	2.93	2.35	0.09	0.34
Apr	0.48	0.20	1.79	2.84	2.23	0.06	0.35
May	0.48	0.20	2.05	2.65	2.22	0.05	0.31
Jun	0.48	0.20	2.16	n.a	2.27	0.05	0.31
Jul	0.45	0.15	2.16	n.a	2.43	0.04	0.31
Aug	0.43	0.12	2.14	n.a	2.41	0.04	0.28
Sep	0.39	0.14	2.14	n.a	2.49	0.02	0.29
Oct	0.34	0.14	2.14	n.a	2.48	0.05	0.31
Nov	0.29	0.10	2.47	n.a	2.47	0.07	0.29
Dec	0.34	0.10	2.52	n.a	2.49	0.07	0.28

Source: International Financial Statistics, IMF.

TABLE 1.12 - ASSETS AND LIABILITIES OF CREDIT CORPORATION OF SOLOMON ISLANDS

(SBD'000)

End of Period	SI	T I M E D E P O S I T S										L I A B I L I T I E S				TOTAL ASSETS = TOTAL LIABILITIES
		Treasury Bills	Due from Com. Banks	Loans and Advances	Other Domestic Assets	Foreign Assets	Time Deposits	Due to Com. Bank	Capital and Reserves	Other Liabilities	Foreign Liabilities	Capital and Reserves	Other Liabilities	Foreign Liabilities		
2008	1750	-	-	24468	2148	-	11556	-	12274	4536	-	28366	-	-	-	28366
2009	1174	-	3118	20784	2070	-	10757	-	13682	2707	-	28443	-	-	-	28443
2010	2	-	595	28693	3198	-	14596	-	14933	2956	-	26371	-	-	-	26371
2011	2	-	19107	47108	4666	-	40681	-	26600	3602	-	70882	-	-	-	70882
2012	2	-	2262	80741	4122	-	50445	-	30686	5996	-	87127	-	-	-	87127
2013	5	-	9299	102401	4680	-	72302	-	33788	10295	-	116385	-	-	-	116385
2010	2	-	3745	20210	4427	-	10704	-	14425	3255	-	28384	-	-	-	28384
Mar	2	-	-	16990	9379	-	8698	-	14695	2978	-	26371	-	-	-	26371
Jun	2	-	4527	19357	2733	-	8826	-	14928	2865	-	26303	-	-	-	26303
Sep	2	-	595	28693	3198	-	14596	-	14933	2959	-	26371	-	-	-	26371
Dec	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2011	2	-	2820	33814	3254	-	20937	-	16328	2625	-	39890	-	-	-	39890
Mar	2	-	2603	35274	3251	-	20922	-	17543	2665	-	41130	-	-	-	41130
Jun	2	-	3458	42265	4548	-	28480	-	18426	3367	-	50274	-	-	-	50274
Sep	2	-	19107	47108	4666	-	40681	-	26600	3602	-	70882	-	-	-	70882
Dec	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2012	2	-	12740	52811	3747	-	39037	-	26076	4187	-	69300	-	-	-	69300
Mar	2	-	887	69671	4779	-	38428	-	31297	5614	-	75339	-	-	-	75339
Jun	2	-	3830	78014	4219	-	44845	-	34053	7167	-	86065	-	-	-	86065
Sep	2	-	2262	80741	4122	-	50445	-	30686	5996	-	87127	-	-	-	87127
Dec	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2013	2	-	1843	81572	3702	-	50371	-	30452	6296	-	87119	-	-	-	87119
Jan	2	-	414	86297	3868	-	49752	-	32603	8226	-	90581	-	-	-	90581
Feb	2	-	7193	87610	4162	-	55274	-	33464	10229	-	98967	-	-	-	98967
Mar	2	-	5999	85555	3693	-	54612	-	34260	6377	-	95249	-	-	-	95249
Apr	2	-	13317	84584	3204	-	59654	-	35073	6380	-	101258	-	-	-	101258
May	2	-	7935	91590	3738	-	60100	-	35565	7809	-	103474	-	-	-	103474
Jun	2	-	7011	93503	3707	-	60445	-	36152	7891	-	104488	-	-	-	104488
Jul	2	-	6899	95100	3727	-	60736	-	37003	8327	-	106066	-	-	-	106066
Aug	2	-	4961	96328	4103	-	60931	-	37774	7092	-	105797	-	-	-	105797
Sep	5	-	2465	100176	4368	-	61041	-	38624	7349	-	107014	-	-	-	107014
Oct	5	-	10678	103958	4771	-	71052	-	39534	8826	-	119412	-	-	-	119412
Nov	5	-	9299	102401	4680	-	72302	-	33788	10295	-	116385	-	-	-	116385
Dec	5	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Source: Central Bank of Solomon Islands

TABLE 1.13 - ASSETS AND LIABILITIES OF THE SOLOMON ISLANDS NATIONAL PROVIDENT FUND

(SBD'000)

		A S S E T S										L I A B I L I T I E S																													
		Banks					S.I.G					Other Loans					Members Contr.Ac.					General Reserve					Accum. Funds					Other Liabl.					Total Liabl.				
End of Period	Cash	Term Deposit	Treas. Bills	Treas. Bonds	Restru. Bonds	Other Bonds	Total	Members	Provin. Govt.	Statut. Author.	Private	Staff Loans	Equity Shares	Fixed Assets	Other Assets	Total Assets	Members Contr.Ac.	General Reserve	Accum. Funds	Other Liabl.	Total Liabl.																				
2010	1100	472469	8992	51986	35144	32185	128307	17204	-	4753	-	3624	313607	124090	49414	1180719	1037222	40570	81690	21237	1180719																				
2011	2800	548716	14754	48635	30606	10292	104287	14377	-	4089	-	2767	300648	187155	56339	1324913	1213608	49578	39647	22080	1324913																				
2012	940	674956	13810	26040	26040	6040	71930	11493	-	74305	-	11493	333685	263364	99474	1555401	1402397	110739	21796	20469	1555401																				
2013	113	641584	21557	31500	55545	-	106602	9845	-	74528	-	9845	1182885	314509	116932	2467065	1763086	658578	16622	28779	2467065																				
2010	1100	455814	13070	54515	36937	33541	138063	18778	-	4753	-	3399	273664	120617	55531	1068320	941011	47563	55440	24306	1068320																				
2011	1100	495514	9239	53535	36269	33095	132138	17975	-	4089	-	3531	259043	122517	52309	1084685	967102	47714	44821	25048	1084685																				
2012	1100	439478	9894	52971	35709	32627	131201	17657	-	74305	-	3516	295735	122959	57545	1139980	1010165	40500	64916	24399	1139980																				
2013	1100	472469	8992	51986	35144	32185	128307	17204	-	74528	-	3624	313607	124090	49414	1180719	1037222	40570	81690	21237	1180719																				
2011	2895	481755	10262	50990	34569	11710	107531	16432	-	100353	-	3567	314047	141635	34292	1198940	1061871	40639	75162	21268	1198940																				
2012	2800	509003	5860	50009	33944	11226	101039	15841	-	100432	-	3449	299840	148982	84614	1262551	1150935	40297	50430	20889	1262551																				
2013	2800	539421	8859	49845	31795	10790	101289	15152	-	100510	-	3129	287563	169498	68211	1284444	1180360	49556	32811	21717	1284444																				
2011	2800	548716	14754	48635	30606	10292	104287	14377	-	110591	-	2767	300648	187155	56339	1324913	1213608	49578	39647	22080	1324913																				
2012	2800	584022	15248	46906	29401	9784	101339	13624	-	127482	-	2551	306364	195258	44694	1373063	1252208	49601	48935	22319	1373063																				
2013	2800	607318	21358	20000	79459	6040	126857	12910	-	97374	-	2361	322286	242142	85829	1494996	1337230	116763	20768	31817	1494996																				
2011	990	642743	13887	20000	69735	6040	109662	12231	-	97512	-	12231	331897	256780	75687	1527502	1369083	117903	20598	19918	1527502																				
2012	940	674956	13810	26040	26040	6040	71930	11493	-	97559	-	11493	333685	265364	99474	1555401	1402397	110739	21796	20469	1555401																				
2013	645	669614	15459	26040	65488	-	106987	11572	-	97514	-	11572	361993	267194	51942	1567461	1411319	111767	22205	22170	1567461																				
2011	172	686512	14597	26040	64454	-	105091	11102	-	96996	-	11102	361726	269504	38895	1569998	1423594	103659	22625	20120	1569998																				
2012	3549	694483	17396	26040	63332	-	106768	10983	-	97043	-	10983	362930	269804	37444	1583004	1437766	103809	23045	18384	1583004																				
2013	660	540987	19487	51040	62277	-	132804	10596	-	96877	-	10596	519664	273501	25749	1600838	1453890	100067	23431	23450	1600838																				
2011	637	540170	21788	51500	61547	-	134835	10527	-	96780	-	10527	517281	277097	25250	1602577	1469226	93046	23867	16438	1602577																				
2012	1321	547008	23509	51500	60442	-	135451	10582	-	96636	-	10582	1184212	303744	135894	2414848	1699395	673515	14407	27531	2414848																				
2013	3595	571022	24360	31500	59356	-	115216	10414	-	96538	-	10414	1184315	307079	135518	2423697	1713037	668963	14111	27586	2423697																				
2011	1684	588989	21627	31500	58266	-	111393	10320	-	96439	-	10320	1180100	307243	132506	2428674	1723190	661494	14666	29324	2428674																				
2012	4416	608760	20216	31500	57173	-	108889	10261	-	96336	-	10261	1183530	308072	123506	2443764	1731948	668164	14920	28732	2443764																				
2013	1097	621661	22171	31500	55742	-	109413	10001	-	95786	-	10001	1184167	309361	120435	2451921	1739954	667314	15480	29173	2451921																				
2011	875	629463	20842	31500	54645	-	106987	9827	-	95261	-	9827	1178605	311327	120606	2452951	1753323	653990	16042	29596	2452951																				
2012	113	641584	21557	31500	55545	-	106602	9845	-	94595	-	9845	1182885	314509	116932	2467065	1763086	658578	16622	28779	2467065																				

Source: Solomon Islands National Provident Fund

TABLE 1.15 - GOODS AND SERVICES ACCOUNTS

(SBD millions)

	2011				2012				2013				
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
BALANCE OF PAYMENTS SUMMARY													
CURRENT ACCOUNT													
Balance on Trade to Goods	37	221	92	35	-1	-153	-8	-41	35	-153	-8	-41	35
Exports f.o.b	864	961	843	949	876	687	819	816	891	687	819	816	891
Imports f.o.b	827	740	751	914	876	840	827	857	856	840	827	857	856
Balance on Trade in Service	-68	-100	-147	-110	-150	-157	-192	-103	-144	-157	-192	-103	-144
Services credit	318	217	260	261	261	217	240	277	246	217	240	277	246
Services debit	386	316	407	371	410	373	433	380	390	373	433	380	390
Balance on Primary Income	-114	-94	-161	-173	-165	-193	-154	-176	-130	-193	-154	-176	-130
Primary income credit	98	65	50	30	75	35	36	41	82	35	36	41	82
Primary income debit	211	158	211	204	240	229	190	218	212	229	190	218	212
Balance on Secondary Income	192	205	287	143	124	195	318	109	128	195	318	109	128
Secondary income credit	314	317	366	219	199	259	383	187	210	259	383	187	210
Secondary income debit	122	112	79	77	75	64	65	78	83	64	65	78	83
Balance on Current Account	48	233	71	-106	-191	-308	-37	-211	-111	-308	-37	-211	-111
CAPITAL ACCOUNT													
Capital account credit	160	85	175	197	254	144	197	133	130	144	197	133	130
Capital account debit	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance on Capital Account	160	85	175	197	254	144	197	133	130	144	197	133	130
Net Lending(+)/Borrowing(-) from Current & Capital Accounts	208	318	246	90	62	-164	159	-78	19	-164	159	-78	19
FINANCIAL ACCOUNT													
Financial assets	438	292	368	92	45	133	380	45	83	133	380	45	83
Financial liabilities	284	-75	178	79	109	217	165	168	112	217	165	168	112
Net Lending(+)/Borrowing(-) from Financial Account	154	368	190	13	-64	-84	215	-123	-29	-84	215	-123	-29
Net errors & omissions	-54	50	-56	-78	-127	81	56	-45	-48	81	56	-45	-48
Level of Official Reserves at end of period	3,034	3,280	3,507	3,656	3,668	3,649	3,742	3,781	3,909	3,649	3,742	3,781	3,909
INTERNATIONAL INVESTMENT POSITION													
Net Position	-5,983	-5,962	-5,835	-5,578	-5,589	-5,674	-5,860	-5,841	-5,817	-5,674	-5,860	-5,841	-5,817
Financial Assets	4,337	4,341	4,560	4,701	4,712	4,757	4,789	4,998	5,049	4,757	4,789	4,998	5,049
Direct Investment	245	249	253	256	264	268	270	283	283	268	270	283	283
Portfolio Investment	113	116	117	120	132	124	122	118	114	124	122	118	114
Financial derivatives (other than reserves) and employee stock options	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Investments	946	696	683	669	648	717	655	800	744	717	655	800	744
Reserve Assets	3,034	3,280	3,507	3,656	3,668	3,649	3,742	3,781	3,909	3,649	3,742	3,781	3,909
Financial Liabilities	10,320	10,303	10,395	10,279	10,300	10,431	10,650	10,839	10,866	10,431	10,650	10,839	10,866
Direct Investment	6394	6,459	6,625	6,764	6,896	7,107	7,326	7,618	7,655	7,107	7,326	7,618	7,655
Portfolio Investment	32	31	26	21	16	11	8	10	11	11	8	10	11
Financial derivatives and employee stock options	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Investment	3,894	3,812	3,745	3,493	3,388	3,313	3,316	3,212	3,200	3,313	3,316	3,212	3,200

Source: Central Bank of Solomon Islands

TABLE 1.15 - GOODS AND SERVICES ACCOUNTS

(SBD millions)

	2011				2012				2013				
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
GOODS ACCOUNT													
Balance on Trade in Goods	37	221	92	35	-1	-153	-8	-41	35				
Exports FOB	864	961	843	949	875	687	819	816	891				
General merchandise	696	683	617	765	708	563	616	670	739				
Net exports under merchandising	-	-	-	-	-	-	-	-	-				
Non monetary gold	168	278	225	184	168	123	202	146	152				
Imports FOB	827	740	751	914	876	840	827	857	856				
General merchandise	827	740	751	914	876	840	827	857	856				
Non monetary gold	-	-	-	-	-	-	-	-	-				
SERVICES ACCOUNT													
Balance on Trade in Services	-68	-100	-147	-110	-150	-157	-192	-103	-144				
Services Credit	318	217	260	261	261	215	240	277	246				
Manufacturing services on physical imports owned by others	-	-	-	-	-	-	-	-	-				
Maintenance and repair services n.i.e	-	-	-	-	-	-	-	-	-				
Transport	54	56	57	58	58	49	55	56	50				
Sea transport	16	21	20	22	21	3	6	5	6				
Air transport	38	35	37	36	37	45	49	51	44				
Travel	157	94	147	131	120	121	129	144	111				
Business	67	45	56	49	48	52	48	61	48				
Personal	90	49	91	82	72	69	81	84	63				
Telecommunication, computer and information services	5	5	6	6	8	6	6	7	8				
Construction	2	3	1	1	1	1	1	4	14				
Insurance and pension services	-	-	-	-	0	0	0	0	0				
Financial services	31	7	12	19	25	1	1	0	1				
Charges for the use of intellectual property	1	1	1	-	0	3	2	2	2				
Other business services	14	-	-	-	0	31	40	56	55				
Personal, cultural, and recreational services	14	26	33	43	46	2	1	0	0				
Government goods and services n.i.e	39	23	4	4	2	2	6	6	4				
Services Debit	386	316	407	371	410	373	433	380	390				
Manufacturing services on physical inputs owned by residents	-	-	-	-	-	-	-	-	-				
Maintenance and repair services n.i.e	4	4	3	3	3	1	2	2	3				
Transport	98	87	86	105	100	95	98	99	100				
Sea transport	77	69	69	85	81	77	76	80	79				
Air transport	20	18	17	20	19	17	22	20	20				
Travel	154	112	117	117	154	114	112	112	140				
Business	72	43	48	51	74	46	50	51	68				
Personal	82	68	68	67	79	68	62	61	72				
Telecommunication, computer and infor. serv.	7	30	11	42	39	32	27	13	17				
Construction	4	2	3	3	3	3	4	5	4				
Insurance and pension services	14	15	15	18	11	12	12	11	11				
Financial services	3	4	3	3	0	0	1	0	0				
Charges for the use of intellectual property	4	4	1	4	1	1	1	4	5				
Other business services	95	53	98	66	71	101	128	107	72				
Personal, cultural and recreational services	2	1	1	1	2	2	3	1	1				
Government goods and services n.i.e	2	5	69	10	26	12	44	24	37				

Source: Central Bank of Solomon Islands.

TABLE 1.16 - PRIMARY AND SECONDARY INCOME ACCOUNTS

	2012				2013				(SBD millions)
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
PRIMARY INCOME ACCOUNT									
Balance on Primary Income	-94	-161	-173	-165	-193	-154	-176	-130	
Primary Income Credits	65	50	30	75	35	36	41	82	
Compensation of Employees	4	3	2	2	2	2	2	2	
Investment income	41	24	28	24	13	21	22	26	
Direct investment	6	6	6	6	7	7	6	5	
Portfolio investment	25	3	2	2	3	3	6	1	
Other investment	0	0	0	0	0	0	0	0	
Reserve assets	10	14	19	15	4	12	10	20	
Other primary income	20	23	1	49	20	13	17	53	
Primary Income Debits	158	211	204	240	229	190	218	212	
Compensation of Employees	9	9	12	15	13	13	15	15	
Investment income	150	202	192	225	216	177	202	196	
Direct investment	99	156	162	203	194	154	190	183	
Portfolio investment	-	-	-	-	-	-	-	-	
Other investment	51	46	30	22	21	23	12	13	
Other primary income	-	-	-	-	-	-	-	-	
SECONDARY INCOME ACCOUNT									
Balance on Secondary Income	205	287	143	124	195	318	109	128	
Secondary Income Credits	317	366	219	199	259	383	187	210	
General government	248	288	165	147	188	324	131	165	
Deposit-corporations and other securities	70	79	54	52	71	59	57	45	
Personal transfers	26	28	31	31	24	39	26	22	
Other current transfers	44	51	23	21	47	20	31	23	
Secondary Income Debits	113	79	77	75	64	65	78	83	
General government	29	0	9	6	9	8	2	1	
Deposit-corporations and other securities	84	79	67	69	54	58	76	81	
Personal transfers	84	79	67	69	54	58	76	81	
Other current transfers	-	-	-	-	-	-	-	-	

Source: Central Bank of Solomon Islands

TABLE 1.17 - CAPITAL ACCOUNT

(SBD millions)

	2012				2013			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Balance on Capital Account	85	175	197	254	144	197	133	130
Capital Account Credits	85	175	197	254	144	197	133	130
Gross disposals of nonproduced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	85	175	197	254	144	197	133	130
General government	85	175	197	254	144	197	133	130
Debit forgiveness	-	-	-	-	-	-	-	-
Other capital transfers	85	175	197	254	144	197	133	130
Deposit-taking corporations and other sectors	-	-	-	-	-	-	-	-
Capital Account Debits	-	-	-	-	-	-	-	-
Gross disposals of nonproduced nonfinancial assets	-	-	-	-	-	-	-	-
Capital transfers	-	-	-	-	-	-	-	-
General government	-	-	-	-	-	-	-	-
Debit forgiveness	-	-	-	-	-	-	-	-
Other capital transfers	-	-	-	-	-	-	-	-
Deposit-taking corporations and other sectors	-	-	-	-	-	-	-	-

Source: Central Bank of Solomon Islands

TABLE 1.18 - FINANCIAL ACCOUNT

	(SBD millions)											
	2012				2013							
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net lending (+)/ Borrowing (-)	368	190	13	-64	-84	215	-123	-29				
Financial Assets	292	368	92	45	133	380	45	83				
Direct investment	4	4	3	8	4	3	3	3				
Portfolio investment	8	1	3	12	-8	-2	-1	-5				
Financial derivatives (other than reserves) and employee stock options	-	-	-	-	-	-	-	-				
Other investment	74	78	-12	33	110	100	68	-62				
Reserve assets	206	286	98	-8	28	280	-25	148				
<i>Of which:</i>												
Equity and investment fund shares	12	5	6	20	-4	1	2	-3				
Debt instruments	280	364	86	25	138	380	43	86				
Other financial assets	-	-	-	-	-	-	-	-				
Financial Liabilities	-75	178	79	109	217	165	168	112				
Direct investment	66	166	139	131	246	205	176	141				
Portfolio investment	-1	-6	-4	-5	-5	-	-	-				
Financial derivatives and employee stock options	-	-	-	-	-	-	-	-				
Other investment	-140	19	-56	-17	-24	-41	-8	-29				
<i>Of which:</i>												
Equity and investment fund shares	58	157	134	126	217	177	151	157				
Debt instruments	-133	21	-55	-16	0	-12	18	-45				
Other financial liabilities	-	-	-	-	-	-	-	-				

Source: Central Bank of Solomon Islands

TABLE 1.19 - VALUE OF EXPORTS BY EXPORT CATEGORY

(SBD'000)

Period	TOTAL EXPORTS (fob)	Copra & Coconut Oil	Fish	Logs	Cocoa	Timber	Palm Oil and Kernels	Minerals	Other Exports	Re-exports & coverage adjustment
2009	1,328,551	53,446	134,013	710,042	116,750	51,672	134,604	29,545	45,645	51,795
2010	1,804,387	98,164	196,805	1,005,692	118,234	46,846	256,246	25,729	25,912	30,758
2011	3,173,755	231,533	341,076	1,457,399	119,378	74,294	326,250	518,002	35,666	69,880
2012	3,628,094	128,368	422,975	1,612,141	65,890	94,340	277,001	855,111	42,658	126,292
2013	3,211,612	66,443	453,282	1,551,793	69,312	81,421	224,881	623,640	64,198	76,642
2009										
Q1	332,558	14,459	29,291	168,669	17,654	10,047	42,830	7,811	21,757	20,040
Q2	315,276	13,617	35,892	179,983	34,678	11,760	19,281	3,886	6,000	10,179
Q3	361,706	14,090	46,519	197,301	34,136	18,923	21,762	6,097	12,400	10,478
Q4	319,011	11,280	22,310	164,089	30,282	10,943	50,730	11,751	5,488	12,137
2010										
Q1	356,994	7,926	49,390	190,891	20,827	11,170	58,699	7,740	7,197	3,153
Q2	424,398	26,652	42,659	228,565	35,301	13,781	61,531	7,126	5,418	3,364
Q3	468,165	11,168	38,623	288,360	34,743	13,325	66,537	6,046	6,574	2,790
Q4	554,831	52,418	66,134	297,876	27,363	8,571	69,479	4,817	6,723	21,451
2011										
Q1	551,679	60,084	41,775	313,450	13,875	18,660	75,297	5,243	11,024	12,272
Q2	821,166	85,946	74,422	386,676	43,716	16,084	108,288	82,584	6,493	16,958
Q3	937,002	48,002	123,032	372,766	41,155	15,721	49,714	262,651	4,970	18,991
Q4	863,907	37,501	101,847	384,507	20,632	23,828	92,952	167,524	13,179	21,938
2012										
Q1P	961,099	43,477	84,291	412,181	11,746	17,065	70,823	278,112	6,600	36,803
Q2P	842,683	39,333	40,463	354,366	25,962	25,416	79,546	225,220	7,046	45,332
Q3P	948,899	31,207	169,704	431,190	11,087	28,002	59,786	183,976	6,637	27,309
Q4P	875,413	14,351	128,517	414,404	17,095	23,857	66,845	167,803	22,374	20,167
2013										
Q1P	686,722	10,611	84,866	368,775	12,281	21,928	32,643	123,430	6,229	25,960
Q2P	818,506	21,605	68,714	361,173	17,558	21,992	72,110	202,150	37,006	16,198
Q3P	815,545	16,738	137,105	385,624	23,917	15,610	64,007	145,755	13,074	13,713
Q4P	890,839	17,489	162,596	436,219	15,556	21,893	56,121	152,305	7,889	20,772

P = Provisional data
 Source: National Statistics Office and Customs & Excise Division, Ministry of Finance, & Central Bank of Solomon Islands

TABLE 1.20 - VALUE OF IMPORTS BY IMPORT CATEGORY

Period	TOTAL IMPORTS (fob)	Food and Live Animals	Beverages & Tobacco	Crude mat'l excl. fuels	Mineral Fuels	Animal, veges. & Oil Fats	Chemicals	Basic Manufactures	Machinery & Transport equip.	Miscellaneous	Goods not Specified	Re-imports & coverage	Freights and Insurance
2009	1,925,333	486,225	31,285	18,315	417,593	7,149	77,551	301,025	598,034	163,511	15,545	43,121	-232,786
2010	2,905,890	633,270	40,516	16,947	457,015	15,502	180,805	464,693	115,6325	260,897	1,104	33,793	-354,978
2011	3,219,611	643,209	56,959	42,818	732,561	22,681	326,170	574,264	860,245	257,259	4	46,656	386,779
2012	3,281,110	683,464	54,851	37,302	842,563	16,054	270,425	508,840	914,360	250,511	42,116	58,878	-398,253
2013	3,379,808	725,114	55,752	48,465	900,232	18,372	276,692	521,898	977,946	215,989	4,741	46,580	-411,972
2009	509,199	144,698	7,902	1,802	148,331	1,283	22,732	75,170	123,028	35,481	246	10,200	-61674
Q1	446,190	81,121	6,053	6,000	81,131	1,000	20,000	75,000	165,000	50,000	2,000	12,489	-53604
Q2	510,693	121,018	12,162	6,671	110,831	3,353	18,605	76,313	175,491	36,726	1,694	9,744	-61915
Q3	459,251	139,388	5,168	3,597	77,300	1,513	16,214	74,541	142,313	40,434	3,534	10,689	-55440
2010	535,296	115,227	10,291	1,704	108,897	4,040	38,749	67,175	192,459	54,921	370	6,785	-65322
Q1	820,770	1,388,25	9,684	2,149	1,481,24	2,787	41,218	112,824	391,306	65,812	734	7,787	-100481
Q2	672,585	1,630,92	11,545	6,400	907,33	3,541	52,396	154,956	202,520	62,410	0	7,227	-82,235
Q3	877,239	216,126	8,996	6,693	109,261	5,134	48,443	129,738	370,040	77,754	0	11,994	-106,940
2011	689,139	107,222	10,357	10,343	156,712	3,787	68,591	140,321	211,665	56,468	-	7,874	-84,201
Q1	816,912	122,744	15,471	11,068	226,645	5,995	105,171	143,275	206,761	68,916	2	10,529	-99,665
Q2	886,697	188,632	16,849	10,645	194,146	7,397	99,576	152,721	248,054	60,879	2	15,476	-107,679
Q3	826,863	224,612	14,282	10,763	204,006	5,502	52,832	137,947	193,765	70,996	-	12,777	-100,617
2012	739,684	140,161	15,931	6,578	204,302	2,674	64,270	112,673	200,918	68,668	707	12,659	-89,857
Q1P	750,912	154,345	15,995	8,117	193,640	3,111	49,702	118,192	184,693	73,226	27,739	13,315	-91,164
Q2P	914,255	201,967	9,785	12,488	221,535	4,367	96,487	136,875	260,070	51,937	13,670	16,084	-111,010
Q3P	876,259	186,992	13,140	10,119	223,085	5,901	59,966	141,099	268,679	56,680	-	16,820	-106,223
2013	839,903	178,296	10,239	10,444	227,341	5,671	73,828	119,225	260,874	43,357	-	12,848	-102,220
Q1P	826,931	161,288	13,600	14,720	235,888	2,782	77,117	123,711	227,812	59,800	-	11,052	-100,839
Q2P	857,039	207,910	13,749	12,837	231,974	3,607	66,327	127,206	235,958	46,021	4,741	11,245	-104,536
Q3P	855,935	177,620	18,164	10,463	205,029	6,312	59,420	151,757	253,302	66,810	-	11,434	-104,376

P = Provisional data

Source: National Statistics Office and Customs & Excise Division, Ministry of Finance & Treasury

TABLE 1.21 - FOREIGN EXCHANGE RECEIPTS (Quarter Ended)

(SBD'000)

	2011				2012				2013				
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Current Receipts													
Exports													
Copra	21989	27984	26,548	15,541	9,736	11,433	14,028	18,358	9,544				
Fish	5601	13180	18,310	47,636	83,158	81,748	93,398	151,048	169,388				
Logs	386315	405773	419,591	353,760	350,532	442,894	538,031	416,621	400,596				
Palm Oil & Kernels	21891	36438	37,219	58,633	39,961	27,322	10,947	34,865	11,891				
Cocoa	32831	32250	33,695	28,031	17,745	8,071	15,121	21,815	23,952				
Mineral	487	382	-	1,599	2,274	3,171	5,940	19,650	63,976				
All Other	15737	9995	9,353	4,581	23,571	2,278	3,285	6,027	9,038				
Total Exports	484851	526002	544,717	509,782	526,977	576,917	680,750	668,384	688,384				
Services													
Transportation	2674	3178	1,464	3,268	6,641	4,982	11,158	8,603	8,256				
Travel	45530	5711	6,667	7,647	5,795	9,877	5,391	6,408	5,168				
Insurance	80	526	282	4,266	388	124	420	468	46				
Communication	420	1248	990	760	654	1,160	1,132	2,862	2,691				
Financial Services	6460	4403	83,714	2,638	1,328	1,106	939	4,067	1,278				
Royalties & License Fees	1561	1561	7,692	947	1,174	3,314	1,648	2,915	4,351				
Others	199604	210790	386,694	205,952	145,280	166,427	330,443	255,521	235,886				
Total Services	255270	227418	487,502	225,478	161,260	186,990	351,131	280,844	257,676				
Income													
Wages & Others	9362	10494	12,013	9,117	11,621	9,521	8,093	10,181	9,586				
Interest, Dividends and Profits	3836	0	-	-	245	-	-	-	-				
Official Interest	13183	10073	16,841	18,860	12,078	10,630	14,051	10,419	10,487				
Other Income	73844	32799	30,002	7,271	38,793	23,197	30,438	17,346	53,300				
Total Income	100225	53366	58,856	35,248	62,736	43,347	52,582	37,946	73,374				
Transfers													
Official	2606	1164	4,354	5,716	598	3,433	13,742	195	781				
Cash Aid	1087	6994	4,354	5,716	598	3,433	13,799	195	781				
Other Official	3693	8158	-	-	-	-	-	-	-				
Private													
Gifts and Donations	27994	24877	20,334	30,285	30,143	23,759	38,678	25,272	22,230				
Transfers by Temporary Residence and Immigrations	393	688	28	153	114	91	52	135	130				
Churches and Charitable Institutions	14764	16045	14,664	10,564	19,427	17,209	16,257	26,143	13,307				
Foreign Governments	23954	13605	4,344	15,543	22,570	16,821	18,036	32,373	8,366				
International Organizations	36325	49466	79,041	72,677	98,570	76,187	57,574	81,154	80,054				
Other Transfers	14	42	68	208	503	408	239	476	550				
Total Private Transfers	103444	104724	118,480	129,431	171,298	134,474	130,835	165,554	124,638				
Total Transfers	107137	112882	122,834	135,147	171,896	137,907	144,634	165,748	125,419				
Total Current Receipts	947482	919667	1,213,909	905,654	922,870	945,162	1,229,097	1,152,923	1,144,853				
Capital Receipts													
Private	33607	33726	26,833	28,403	14,103	23,702	15,906	17,330	10,557				
Investment grants	-	-	-	-	-	-	-	-	-				
Direct Investment	1015	16	41	14,943	2,573	648	3,229	13,338	14,497				
Loans	-	-	-	-	365	101	-	-	-				
Other Foreign Investment	34623	33742	26,873	43,346	17,042	24,450	19,135	31,722	25,055				
Total Private Inflows	90804	16448	109,563	51,466	67,909	63,023	283,510	25,342	79,540				
Official	-	-	-	-	-	-	-	-	-				
Investment Grants	-	-	-	-	-	-	-	-	-				
Central Bank	-	-	-	-	-	-	-	-	-				
IMF Transactions	35689	-	-	-	1,678	-	-	-	-				
Total Official Inflows	126493	16448	109,563	51,466	69,587	63,023	283,510	25,342	79,540				
Total Capital Receipts	161116	50190	136,436	94,812	86,628	87,473	302,645	57,064	104,595				
TOTAL RECEIPTS	1108598	969857	1,350,345	1,000,466	1,009,499	1,032,634	1,531,742	1,428,635	1,249,448				

From 2010 Q1, data is mapped based on new FET classifications
Source: Central Bank of Solomon Islands.

TABLE 1-22 - FOREIGN EXCHANGE RECEIPTS*

(SBD'000)

	2007	2008	2009	2010	2011	2012	2013
Current Receipts							
Exports							
Copra	36,768	177,421	30,778	31,349	104,615	79,808	53,363
Fish	151,392	188,489	132,598	48,773	56,689	162,285	495,582
Logs	838,693	982,114	773,307	1,153,149	1,555,257	1,529,656	1,798,142
Palm Oil & Kernels	105,281	173,095	80,176	104,534	198,316	172,251	85,025
Cocoa	70,838	69,599	116,212	157,441	217,502	111,722	68,959
Mineral	6,696	28,883	13,451	18,722	13,852	4,255	92,737
All Other	75,981	18,521	20,383	30,298	60,566	47,501	20,628
Total Exports	1,285,651	1,638,123	1,166,905	1,544,267	2,206,798	2,107,478	2,614,436
Services							
Transportation	15,608	12,365	13,728	13,842	11,805	14,551	32,999
Travel	26,867	27,295	32,690	28,114	62,653	25,820	26,844
Insurance	971	2,624	1,753	20,766	5,608	5,462	1,059
Royalties and License Fees	13,273	11,615	15,098	25,076	9,685	3,652	7,846
Communication	36,244	30,762	21,816	5,790	11,623	92,083	7,389
Financial Services	89	7,687	8,440	142	1,511	11,374	12,228
Others	467,602	560,051	653,795	772,182	1,013,338	948,716	988,277
Total Services	560,654	652,398	747,321	865,913	1,116,224	1,101,658	1,076,641
Income Account							
Wages and Others	22,969	27,531	31,531	35,971	39,652	43,245	37,380
Interest, Dividends and Profits	1,621	540	3,120	5,333	11,219	245	-
Official Interest	52,200	45,976	16,981	26,710	43,419	57,851	45,987
Other Income	3,215	16,066	239	47,596	108,777	108,865	124,281
Total Income	80,006	90,113	51,471	115,609	203,067	210,206	207,249
Transfers: Official							
Cash Aid	16,776	10,507	28,571	1	10,305	1,164	13,742
Other Official	60,916	42,859	75,334	59,348	32,015	17,663	4,466
Total Official Transfers	77,692	53,366	103,905	59,349	42,319	18,827	18,208
Transfers: Private							
Gifts and Donations	80,774	57,514	77,834	85,477	94,598	105,640	109,939
Transfers by Temporary Residence and Immigrants	8,028	3,842	1,926	3,677	6,548	983	408
Churches and Charitable Institutions	39,270	60,294	66,291	58,808	61,720	60,700	72,916
Foreign Governments	57,225	45,445	56,572	72,345	85,779	56,033	75,595
International Organisations	114,940	139,895	192,618	203,778	217,085	299,755	294,969
Other Transfers	267	491	629	273	217	821	1,674
Total Private Transfers	300,503	307,482	395,870	424,359	465,947	523,933	555,502
Total Current Receipts	2,304,505	2,741,481	2,465,472	3,009,496	4,034,355	3,962,101	4,472,035
Capital and Financial Receipts							
Private							
Investment Grants	61,907	112,712	62,548	115,107	200,133	103,065	67,494
Direct Investment	19,231	2,898	160	-	2,026	-	364
Loans	9,528	756	100,063	5,409	1,015	17,573	19,730
Other Foreign Investment	0	0	104	-	-	365	790
Total Private Inflows	90,666	116,365	162,875	281,311	203,175	121,003	88,379
Official							
Investment Grants	182,270	116,447	99,794	475,362	325,430	245,385	463,398
Loans	0	9,654	42,037	-	-	-	-
Central Bank	0	0	0	-	-	-	-
IMF Transactions	0	0	116,061	76,181	72,759	1,678	-
Total Official Inflows	182,270	126,101	257,892	532,543	398,189	247,063	463,398
Total Capital Receipts	272,936	242,466	420,767	832,854	601,364	368,066	551,776
TOTAL RECEIPTS	2,577,441	2,983,947	2,886,239	3,842,350	4,635,719	4,330,168	5,024,459

*Derived from the banking system.

Source: Central Bank of Solomon Islands

TABLE 1.23 - FOREIGN EXCHANGE PAYMENTS

(SBD'000)

	2011				2012				2013					
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Current Payments														
Imports														
Oil Imports	231665	204006	204302	193640	147686	221137	211815	251555	230345	188719				
Food Imports	179588	153523	92833	137561	185601	147398	151375	118170	167846	132593				
Beverages and Tobacco	14363	18276	16922	10317	12048	12671	21846	6114	8999	10109				
Plants, Vehicles and Transport Equipment	64939	76986	58088	92879	107536	116892	70664	61970	71172	73364				
Building and Construction Materials	50157	43961	36646	58498	50927	45840	29868	38592	48017	51109				
Chemical	50062	14904	12418	14988	24928	14708	26503	23018	25860	19498				
Other Imports	216147	227365	246806	232452	317631	246262	209452	229249	204723	239526				
Total Imports	771921	739020	668014	740335	846357	804908	721524	728668	756962	714718				
Services														
Transportation	31732	23120	39255	36302	39415	46941	49500	37749	30526	46632				
Travel	19654	12627	19621	18906	20923	23076	16270	15306	16016	11674				
Insurance	7939	3642	4693	1020	7625	8196	8110	10053	8545	9507				
Communication	35930	29346	28154	8625	40026	29902	28795	25905	28926	23473				
Financial	13260	12939	18436	68370	17095	12919	7222	2430	2791	4314				
Royalties and License Fee	8921	3176	4527	3743	3511	132	15	420	8368	7960				
Royalties and License Fee	95074	82157	166868	174833	91937	128118	117627	289578	180461	231327				
Others	212509	167007	281554	311799	220531	249284	227540	381440	275634	334886				
Total Services														
Income														
Wages and Others	8960	9000	8875	8582	11695	15214	13080	13172	14757	14648				
Interest Dividends & Profits	56843	56135	8233	49382	24520	89749	9734	125708	104877	113408				
Official Interest	2374	1761	3231	61344	68511	7702	200	983	324	2643				
Total Income Payments	68177	69427	18869	61344	68511	112666	24204	143366	122115	131928				
Transfers														
SI Government Foreign Offices	11240	-	3335	2	1395	11697	7112	5280	1801	6684				
SI Government Current Payments	30034	14790	36215	4154	16842	24168	39609	25011	62189	4217				
Gifts and Donation	51487	53379	49510	41816	42368	63507	50837	41399	49905	47788				
Transfers by Temporary Residents	3940	589	2490	980	2151	1849	2440	3219	1953	5038				
Other Transfers	57	63	55	91	615	303	188	29	351	3173				
Total Transfers	96758	68822	91605	47043	63372	101526	100186	74938	116199	66901				
Total Current Payments	1149366	1044277	1060042	1160520	1198772	1268384	1073454	1328412	1270910	1248433				
Capital Payments														
Private														
Loan Repayments	68	1318	20113	31647	11532	8526	11425	7416	14531	2606				
Capital Repatriation	-	-	1668	-	-	-	-	-	-	-				
Emigrant Transfers	2485	87	200	148	-	779	-	400	2164	-				
Other Payments	901	1878	1874	1555	61	5389	740	-	2000	1124				
Total Private Outflows	3453	3283	23855	33350	11593	14695	12165	7816	18696	6398				
Official														
Government Loans	9858	15825	9443	11245	7150	19109	7003	15903	56397	48932				
Central Bank	-	-	-	-	-	-	-	-	-	-				
IMF Transactions	-	-	-	-	-	-	-	-	-	-				
Total Official Outflows	9858	15825	9443	11245	7150	19109	7003	15903	56397	48932				
Total Capital Payments	13311	19108	33298	44595	18743	33804	19168	23719	75093	55330				
TOTAL PAYMENTS	1162677	1063384	1093340	1205115	1217515	1302188	1092622	1352131	1439060	1303763				

Source: Central Bank of Solomon Islands

TABLE 1-24 - EXCHANGE RATES
 (SBD per foreign currency)

Period Average	USD	AUD	POUND (sterling)	YEN (per 100)	NZD	EURO	S D R
Annual							
2010	8.06	7.42	12.48	9.20	5.78	10.71	12.32
2011	7.64	7.89	12.26	9.59	6.05	10.66	12.06
2012	7.36	7.62	11.65	9.23	5.96	9.46	11.30
2013	7.30	7.07	11.42	7.52	5.99	11.11	9.70
Quarterly							
2009							
Mar	8.03	5.33	11.54	8.60	4.28	10.49	11.99
Jun	8.06	6.11	12.47	8.28	4.85	11.00	12.23
Sep	8.06	6.72	13.24	8.61	5.45	11.53	12.58
Dec	8.06	7.32	13.16	9.13	5.88	11.92	12.73
2010							
Mar	8.06	7.29	12.61	8.89	5.72	11.18	12.46
Jun	8.06	7.13	12.04	8.75	5.51	10.28	12.04
Sep	8.06	7.28	12.50	9.39	5.79	10.41	12.22
Dec	8.06	7.96	12.76	9.76	6.11	10.96	12.59
2011							
Mar	8.02	8.06	12.84	9.76	6.09	11.03	12.58
Jun	7.79	8.26	12.70	9.54	6.22	11.20	12.44
Sep	7.40	7.78	11.92	9.52	6.17	10.47	11.79
Dec	7.36	7.44	11.57	9.52	5.72	9.93	11.41
2012							
Mar	7.36	7.76	11.55	9.29	6.02	9.64	11.30
Jun	7.36	7.44	11.65	9.18	5.83	9.46	11.30
Sep	7.36	7.64	11.62	9.36	5.95	9.21	11.31
Dec	7.35	7.64	11.80	9.07	6.05	9.53	11.30
2013							
Mar	7.32	7.60	11.37	8.02	6.11	9.67	11.16
Jun	7.29	7.23	11.20	7.39	5.98	9.52	10.98
Sep	7.27	6.66	11.27	7.35	5.79	9.63	11.02
Dec	7.33	6.80	11.85	7.31	6.06	9.96	11.27
Monthly							
2013							
Jan	7.36	7.73	11.76	8.43	6.16	9.76	11.3
Feb	7.31	7.55	11.33	7.91	6.13	9.77	11.2
Mar	7.30	7.54	11.00	7.71	6.04	9.47	11.0
Apr	7.30	7.58	11.17	7.47	6.17	9.51	11.0
May	7.28	7.24	11.15	7.23	6.03	9.47	10.9
Jun	7.28	6.87	11.27	7.47	5.75	9.60	11.0
Jul	7.26	6.67	11.04	7.29	5.72	9.51	10.9
Aug	7.24	6.54	11.22	7.40	5.73	9.64	11.0
Sep	7.30	6.76	11.56	7.37	5.92	9.74	11.1
Oct	7.36	6.99	11.79	7.52	6.13	10.02	11.4
Nov	7.33	6.84	11.79	7.34	6.06	9.88	11.2
Dec	7.29	6.56	11.97	7.06	6.00	9.99	11.2

Source: Central Bank of Solomon Islands

TABLE 1-25 - GOVERNMENT SECURITIES BY HOLDER AND INSTRUMENT

(SBD '000)

End of Period	DEVELOPMENT & TREASURY BONDS AMORTIZED										TREASURY BILLS					OTHER	
	Commercial Banks	Central Bank	SINPF	Statut. Corpn.	Public	Total	Commercial Banks	Central Bank	SINPF	Statut. Corpn.	Public	Total	Central Bank	GRAND TOTAL			
2009																	
2009	86,660	103,502	107,060	-	1,028	298,249	21,940	29	-	5,655	27,624	4,940	330,814				
2010	95,164	97,772	99,315	-	1,585	293,837	23,520	37	8,992	6,990	39,539	4,940	338,315				
2011	81,878	88,057	89,532	-	12,410	271,877	16,856	38	14,754	7,004	38,652	4,940	315,468				
2012	44,798	74,718	66,553	-	16,659	202,728	17,706	40	13,810	6,107	37,663	4,936	245,326				
2013	35,856	69,131	53,545	-	5,353	163,885	11,697	48	21,629	5,283	38,657	4,936	207,478				
2009																	
2009	107,790	107,714	112,300	-	1,079	328,883	14,963	25	-	7,696	22,684	10,364	361,932				
Mar	88,976	106,319	111,117	-	1,062	307,474	-	8	-	6,021	6,029	10,364	323,867				
Jun	87,949	104,914	109,091	-	1,045	303,000	19,946	28	-	6,002	25,976	4,940	333,915				
Sep	86,660	103,502	107,060	-	1,028	298,249	21,940	29	-	5,655	27,624	4,940	330,814				
Dec																	
2010																	
2010	100,415	102,081	104,992	-	1,011	308,499	8,885	30	13,070	7,755	29,739	4,940	343,179				
Mar	98,411	100,653	102,898	-	1,672	303,634	13,675	30	9,240	5,834	28,779	4,940	337,353				
Jun	96,848	99,216	101,307	-	1,587	298,958	17,773	30	9,893	7,243	34,940	4,941	338,839				
Sep	95,164	97,772	99,315	-	1,585	298,837	23,520	37	8,992	6,990	39,539	4,940	338,315				
Dec																	
2011																	
2011	94,851	96,319	97,269	-	1,500	289,939	21,557	38	10,262	6,100	37,957	4,940	332,836				
Mar	93,093	94,858	95,179	-	14,164	297,294	22,639	39	5,860	1,030	29,568	4,940	331,802				
Jun	86,058	89,470	92,432	-	13,270	281,230	19,913	38	8,859	8,464	37,274	4,941	323,444				
Sep	81,878	88,057	89,532	-	12,410	271,877	16,856	38	14,754	7,004	38,652	4,940	315,468				
Dec																	
2012																	
2012	78,713	86,635	86,092	-	11,750	263,190	14,822	35	15,248	7,461	37,566	4,940	305,697				
Mar	67,039	77,324	79,459	-	10,615	234,436	17,535	39	18,058	5,755	41,388	4,936	280,760				
Jun	47,169	76,024	69,735	-	17,550	210,479	19,188	40	13,887	6,843	39,958	4,936	255,373				
Sep	44,798	74,718	66,553	-	16,659	202,728	17,706	40	13,810	6,107	37,663	4,936	245,326				
Dec																	
2013																	
2013	43,256	73,404	63,332	-	7,918	187,910	13,669	39	17,396	6,732	37,836	4,936	230,682				
Q1	40,802	72,082	60,437	-	6,236	179,557	9,518	40	23,509	8,734	41,801	4,936	226,294				
Q2	38,306	70,754	57,173	-	6,209	172,442	11,675	30	20,216	6,209	38,130	4,936	215,508				
Q3	35,856	69,131	53,545	-	5,353	163,885	11,697	48	21,629	5,283	38,657	4,936	207,478				
Q4																	

Note: -NPF, Public and Statutory Corporations use data for the last Wednesday of the month. Commercial Banks and Central Bank use end month data.
 -As of *Qtr1'03 Commercial Bank SIG Bonds include Restructured only
 *Qtr4'04 NPF SIG Bonds include Restructured & Armotised
 *Qtr1'06 Central Bank SIG Bonds include Restructured & Armotised
 Source : Central Bank of Solomon Islands

TABLE 1-26 - GROSS AND NET GOVERNMENT DOMESTIC DEBT BY INSTRUMENT AND HOLDER

(SBD '000)

End of Period	CBSI				COMMERCIAL BANKS				NPF				OTHER		PUBLIC		TOTAL GROSS	TOTAL NET
	T-Bills D-Bonds	Other Loans	Gross Debt	SIG Dep.	Net Debt	T-Bill D-Bond	Other Loans	Gross Debt	SIG Dep.	Net Debt	T-Bill D-Bond	Other Loans	Gross Debt	T-Bill D-Bond	T-Bill D-Bond			
2009	103,531	20,484	124,015	201,427	-77,412	108,600	-	108,600	85,895	22,705	44,500	20,000	127,060	-	6,683	366,358	79,036	
2010	97,809	19,604	117,413	478,506	-361,093	118,684	-	118,684	67,588	51,096	50,117	20,000	128,307	-	8,575	372,979	-173,115	
2011	88,094	15,134	103,228	941,116	-837,888	98,734	-	98,734	118,701	-19,967	50,307	20,000	124,286	-	19,414	345,662	-714,155	
2012	74,758	7,292	82,050	1,027,267	-945,217	62,504	-	62,504	143,842	-81,338	34,366	20,000	100,363	-	22,766	267,683	-903,426	
2013	69,179	4,936	74,115	1,239,240	-1,165,126	47,553	-	47,553	21,175	263,781	37,383	20,000	95,174	-	10,636	227,478	-1,032,938	
2009	107,739	28,135	135,874	189,167	-53,292	122,753	-	122,753	35,334	87,419	46,716	20,866	133,166	-	8,775	400,568	176,068	
Mar	106,326	26,341	132,667	240,532	-107,865	88,976	-	88,976	25,240	63,736	46,194	19,648	130,765	-	7,083	359,492	93,719	
Jun	104,942	20,698	125,639	195,681	-70,041	107,895	-	107,895	34,036	73,859	45,351	20,000	129,091	-	7,047	369,673	139,956	
Sep	103,551	20,484	124,015	201,427	-77,412	108,600	-	108,600	85,895	22,705	44,500	20,000	127,060	-	6,683	366,358	79,036	
Dec	102,111	20,230	122,340	205,368	-83,027	109,300	-	109,300	49,185	60,115	56,692	20,000	138,062	-	8,766	378,468	123,916	
2010	100,683	20,030	120,713	259,447	-138,733	112,086	-	112,086	88,982	23,104	51,962	20,000	132,138	-	7,506	372,443	24,014	
Mar	99,247	19,788	119,035	181,974	-62,939	114,621	-	114,621	55,240	59,381	51,821	20,000	131,200	-	8,830	373,687	136,472	
Jun	97,809	19,604	117,413	478,506	-361,093	118,684	-	118,684	67,588	51,096	50,117	20,000	128,307	-	8,575	372,979	-173,115	
2011	96,357	19,108	115,465	490,671	-375,206	116,408	-	116,408	125,283	-8,875	50,569	20,000	127,531	-	7,600	367,004	-248,950	
Mar	94,897	16,178	111,076	750,317	-639,242	115,732	-	115,732	169,036	-53,304	45,291	20,000	121,039	-	15,194	363,041	-556,313	
Jun	89,508	15,656	105,164	780,682	-675,518	105,971	-	105,971	164,848	-58,877	45,862	20,000	121,291	-	21,734	354,160	-591,370	
Sep	88,094	15,134	103,228	941,116	-837,888	98,734	-	98,734	118,701	-19,967	50,307	20,000	124,286	-	19,414	345,662	-714,155	
Dec	86,670	14,425	101,095	1,026,168	-925,073	93,535	-	93,535	141,188	-47,653	49,334	20,000	121,340	-	19,211	335,181	-832,175	
2012	77,363	13,787	91,150	1,092,321	-1,001,171	84,574	-	84,574	180,856	-96,282	47,500	20,000	117,517	-	16,370	309,611	-963,565	
Mar	76,065	7,891	83,955	1,091,327	-1,007,372	66,357	-	66,357	153,853	-114,499	35,605	20,000	103,622	-	24,393	278,328	-993,855	
Jun	74,758	7,292	82,050	1,027,267	-945,217	62,504	-	62,504	143,842	-81,338	34,366	20,000	100,363	-	22,766	267,683	-903,426	
2013	73,443	6,720	80,163	1,160,905	-1,080,742	56,925	-	56,925	136,848	-79,923	36,784	20,000	100,728	-	14,650	252,492	-1,045,261	
Mar	72,122	6,078	78,200	1,345,736	-1,267,536	50,320	-	50,320	206,763	-156,443	42,034	20,000	103,946	-	14,970	247,436	-1,305,063	
Jun	70,784	5,619	76,403	1,274,937	-1,198,533	49,981	-	49,981	174,867	-124,886	37,528	20,000	97,389	-	12,418	236,191	-1,213,612	
Sep	69,179	4,936	74,115	1,239,240	-1,165,126	47,553	-	47,553	21,175	263,781	37,383	20,000	95,174	-	10,636	227,478	-1,032,938	
Dec																		

Note: NPF, Public & Stat. Corp. use data for the last Wednesday of the month, while Commercial Banks & CBSI use end of month data. Bonds include - Development Bond, Restructured Bonds, Armotised Bonds.

Source: Central Bank of Solomon Islands.

TABLE 1-27a - GOVERNMENT REVENUES

(SBD'000)

End of period	Total Customs & Inland Revenue	Total Customs	Import Duty	Log Export Duty	Other Exports	Excise Duty	Other Customs	Other Ministries
2007	924,954	334,557	98,960	173,899	7,794	52,533	1,372	138,156
2008	1,223,154	388,427	110,600	210,290	5,532	61,182	823	146,868
2009	1,307,381	382,767	127,904	164,903	6,777	82,138	1,045	181,490
2010	1,597,708	490,922	135,979	239,882	4,915	105,784	4,362	113,841
2011	2,038,847	699,873	186,349	369,066	10,890	131,792	1,777	194,906
2012	2,280,765	776,593	222,238	406,568	16,655	129,060	2,071	229,079
2013	2,493,060	796,278	229,156	407,296	18,040	137,634	4,152	266,110
2008								
Q1	266,078	83,331	23,839	42,621	747	15,952	172	32,551
Q2	287,959	96,491	30,582	55,957	1,729	7,712	511	37,536
Q3	315,974	102,482	27,391	56,324	894	17,869	4	23,063
Q4	353,144	106,123	28,787	55,388	2,163	19,649	136	53,718
2009								
Q1	270,932	83,184	34,019	39,624	2,266	7,227	48	41,979
Q2	315,139	93,659	27,040	49,515	447	16,304	352	51,713
Q3	344,133	101,810	36,751	43,472	895	20,350	342	21,791
Q4	377,176	104,113	30,094	32,291	3,169	38,257	302	66,007
2010								
Q1	319,062	98,153	27,993	48,235	654	20,755	517	18,336
Q2	374,309	116,910	33,221	54,319	1,414	27,529	427	21,248
Q3	421,045	122,232	35,402	56,852	659	27,993	1,326	20,214
Q4	483,292	153,626	39,363	80,476	2,188	29,507	2,092	54,043
2011								
Q1	445,361	152,494	39,479	82,571	627	29,264	554	43,902
Q2	493,351	170,211	39,939	97,377	1,705	30,716	474	24,939
Q3	530,827	187,229	54,377	93,979	4,508	33,871	493	26,254
Q4	569,308	189,939	52,553	95,140	4,049	37,941	256	99,811
2012								
Q1	513,499	186,164	50,044	102,328	512	32,767	512	22,188
Q2	492,183	184,881	47,270	96,036	1,602	39,400	572	24,993
Q3	547,927	185,533	48,328	96,773	646	39,141	646	30,150
Q4	727,156	220,016	76,596	111,431	13,895	17,753	341	151,748
2013								
Q1	557,327	187,665	53,935	98,877	923,90	32,778	1,151	28,829
Q2	624,803	202,185	58,084	65,134	41,585	37,010	373	18,471.4
Q3	597,149	191,692	48,712	97,097	5,927	38,963	994	52,295
Q4	726,450	221,136	63,590	112,046	3,606.11	39,923	1,972	166,024

Source: Ministry of Finance & Treasury

TABLE 1-27b - GOVERNMENT REVENUES

(SBD'000)

End of period	Total Inland Revenue	Company	Private Sector PAYE	Government PAYE	Good Tax	Sales Tax	Total Withholding tax	Stamp Duty	Licensing
2007	590,397	103,323	91,983	50,097	249,018	33,821	48,437	9,174	4,544
2008	834,727	189,747	116,799	68,373	331,493	36,949	75,397	11,409	4,560
2009	924,614	220,995	143,261	79,300	327,177	38,936	95,777	13,946	5,222
2010	1,106,786	216,810	194,623	85,630	406,234	51,425	137,434	13,041	6,590
2011	1,338,974	223,714	234,485	90,725	552,959	66,986	143,221	18,211	7,812
2012	1,504,172	229,162	298,648	82,726	635,604	59,157	181,249	9,028	8,599
2013	1,696,782	288,483	319,264	92,508	685,228	55,668	235,940	10,842	9,255
2009									
Q1	187,748	43,432	31,468	17,482	68,625	8,983	15,055	1,543	1,161
Q2	221,480	53,643	32,534	19,024	74,727	10,011	23,979	6,309	1,251
Q3	242,323	57,801	43,289	18,399	91,349	9,628	17,325	3,235	1,297
Q4	273,064	66,118	35,970	24,396	92,476	10,315	39,418	2,858	1,513
2010									
Q1	220,909	37,992	41,393	21,074	84,474	9,871	22,729	1,875	1,500
Q2	257,399	66,806	45,195	20,322	93,908	11,555	15,948	1,831	1,835
Q3	298,812	55,727	52,144	23,609	112,590	13,283	37,362	2,491	1,606
Q4	329,666	56,284	55,891	20,625	115,261	16,716	61,396	1,844	1,648
2011									
Q1	292,867	55,919	51,062	22,230	112,474	16,823	29,735	2,579	2,045
Q2	323,141	49,329	58,909	22,526	137,293	16,816	27,728	8,544	1,996
Q3	343,598	59,097	62,966	21,979	151,195	16,667	27,443	2,158	2,093
Q4	379,368	59,369	61,547	23,990	151,997	16,679	58,316	4,931	1,678
2012									
Q1	327,335	36,834	81,609	19,318	145,728	13,604	26,377	2,454	1,411
Q2	307,302	61,275	55,535	14,790	110,165	11,139	47,944	2,439	4,015
Q3	362,394	56,587	70,254	20,245	161,346	14,558	35,293	2,050	2,062
Q4	507,140	74,466	91,250	28,373	218,365	19,856	71,635	2,084	1,111
2013									
Q1	369,662.4	60,715	68,741	24,117	166,777	12,532	31,698	2,929	2,153
Q2	422,618.1	57,837	76,414	20,231	167,938	13,246	82,350	2,226	2,377
Q3	405,457.4	68,676	74,206	39,221	161,370	14,810	42,553	2,256	2,566
Q4	505,314.1	101,255	86,160	23,056	189,762	15,774	84,045	2,948	2,315

Source: Ministry of Finance & Treasury

TABLE 1-28 HONIARA RETAIL PRICE INDEX
(2005 Q4 = 100)

End of Period	Food	Drink & Tobacco	Clothing & Footwear	Housing & Utilities	Household Operations	Transport & Commun.	Recreation & Others	Miscell	Local Items	Imported Items	All Items	Annual % Change
Weight	429	47	38	181	47	164	76	18	602	398	1000	
Annual Average (12mma)												
2009	159.5	132.0	128.8	149.3	151.1	131.3	112.2	155.1	140.0	155.6	146.5	7.1
2010	155.4	147.6	140.7	148.2	158.6	137.8	119.4	167.4	142.4	156.2	147.9	1.0
2011	162.8	169.4	141.6	176.0	166.8	144.0	122.8	177.5	153.5	166.9	158.9	7.4
2012	169.9	176.3	143.9	203.2	169.7	143.3	130.0	185.1	166.3	171.3	168.3	5.9
2013	174.7	197.6	156.3	231.0	176.5	146.0	127.7	197.4	180.0	173.3	177.3	5.4
Quarterly Average (3mma)												
2011												
Mar	157.37	157.60	141.73	165.47	165.53	142.93	122.57	177.33	147.43	163.83	154.00	3.4
Jun	163.73	174.50	141.23	169.83	165.77	146.03	122.90	176.80	153.20	167.27	158.80	7.3
Sep	165.00	172.57	141.27	176.43	167.30	144.30	122.90	176.27	154.97	168.23	160.23	8.9
Dec	164.97	173.07	142.27	192.20	168.50	142.70	122.80	179.53	158.57	168.33	162.47	10.1
2012												
Mar	168.83	176.70	143.57	190.93	169.90	141.87	129.70	187.33	162.43	169.39	165.23	7.3
Jun	174.13	173.67	143.80	202.73	171.97	144.47	129.70	190.70	168.97	171.73	170.07	7.1
Sep	170.03	169.20	143.73	203.13	170.33	141.80	129.70	166.20	167.77	162.50	151.63	4.7
Dec	167.10	178.03	144.23	212.60	166.63	144.60	130.50	167.03	168.37	166.29	156.94	4.6
2013												
Mar	172.80	206.80	155.60	230.90	176.20	145.40	127.70	197.00	178.80	174.10	176.90	7.1
Jun	178.20	190.30	155.60	232.50	177.10	146.10	127.70	197.90	182.10	174.20	178.90	5.2
Sep	177.80	188.00	156.50	231.80	176.70	145.00	127.70	197.90	181.10	174.30	178.30	6.3
Dec	168.70	205.30	157.50	228.80	176.20	147.30	127.70	196.80	178.00	170.70	175.10	3.0
Monthly Average (1mma)												
2013												
Jan	170.00	208.60	155.60	230.60	176.20	144.40	127.70	195.10	177.40	172.90	175.6	8.1
Feb	173.30	210.20	155.60	231.00	176.30	145.10	127.70	197.90	179.00	174.70	177.3	7.5
Mar	175.20	201.70	155.60	231.10	176.00	146.60	127.70	197.90	180.10	174.80	177.9	5.8
Apr	177.10	194.80	155.60	232.70	176.80	147.90	127.70	197.90	181.80	174.70	179.0	4.4
May	177.10	191.60	155.60	232.70	177.20	145.90	127.70	197.90	181.80	173.70	178.5	4.7
Jun	180.40	184.50	155.70	232.10	177.20	144.50	127.70	197.90	182.70	174.20	179.3	6.5
Jul	179.80	187.40	155.70	232.10	177.20	145.60	127.70	197.90	182.50	174.60	179.3	6.5
Aug	177.80	188.00	156.30	232.10	176.60	144.10	127.70	198.90	181.10	174.10	178.3	6.4
Sep	175.70	188.70	157.50	231.20	176.20	145.40	127.70	196.80	179.60	174.10	177.4	6.0
Oct	172.40	196.30	157.50	228.70	176.20	147.40	127.70	196.80	179.80	170.90	176.3	4.0
Nov	167.60	205.40	157.50	228.80	176.20	147.30	127.70	196.80	177.30	170.60	174.6	2.6
Dec	166.10	214.10	157.50	228.80	176.20	147.20	127.70	196.90	176.90	170.50	174.4	2.5

Source: Statistics Division, Ministry of Finance

TABLE 1-29 - INTERNATIONAL COMMODITY PRICES

End of Period	Copra (US\$/m.t)	Coconut Oil (US\$/m.t)	Palm Oil (US\$/m.t)	Palm Kernel Oil (US\$/m.t)	Fish # (US\$/m.t)	Cocoa (US\$/m.t)	Logs (US\$/M ³)	Gold (US\$/toz)	Silver (UScents/ton)	Nickle b/ (US\$/m.t)	Crude Oil (US\$/bbl)
2010											
Jan	750	1,123	901	1,184	1,491	3,134	278	1,225	2,020	21,809	80
Feb	1,157	1,731	1,125	1,648	1,763	2,980	390	1,568	3,526	22,910	111
Mar	741	1,111	1,000	1,111	2,170	2,392	360	1,669	3,115	17,548	112
Apr	627	941	857	898	1,923	2,439	305	1,412	2,386	15,032	109
2010											
Mar	557	833	808	922	1,092	3,299	254	1,109	1,693	19,959	77
Jun	636	954	814	1,035	1,533	3,210	254	1,196	1,838	22,476	79
Sep	769	1,159	875	1,161	2,150	3,062	294	1,227	1,901	21,191	76
Dec	1,038	1,546	1,108	1,619	1,188	2,966	312	1,368	2,647	23,609	87
2011											
Mar	1,379	2,073	1,251	2,131	1,509	3,343	326	1,384	3,179	26,869	105
Jun	1,342	1,996	1,147	1,874	1,709	3,074	380	1,507	3,857	24,355	117
Sep	991	1,476	1,079	1,338	1,889	3,035	445	1,700	3,885	22,024	112
Dec	917	1,378	1,025	1,250	1,943	2,468	409	1,682	3,182	18,393	109
2012											
Mar	933	1,400	1,107	1,366	2,089	2,341	373	1,689	3,262	19,637	119
Jun	793	1,187	1,088	1,242	2,111	2,282	361	1,612	2,941	17,186	109
Sep	672	1,013	995	1,021	2,347	2,494	355	1,656	2,995	16,384	110
Dec	565	844	809	813	2,132	2,451	353	1,718	3,261	16,984	110
2013											
Mar	553	837	853	824	1,750	2,209	323	1,631	3,006	17,296	113
Jun	560	839	851	837	2,093	2,307	302	1,415	2,317	14,967	103
Sep	603	913	827	871	2,069	2,470	301	1,329	2,139	13,955	110
Dec	791	1,175	897	1,060	1,780	2,770	296	1,272	2,084	13,909	109
2013											
Jan	554	829	841	795	1,788	2,275	334	1,672	3,106	17,473	113
Feb	570	861	863	845	1,650	2,198	320	1,628	3,033	17,690	117
Mar	536	821	854	833	1,813	2,153	314	1,628	2,879	16,725	109
Apr	523	793	842	828	1,756	2,294	305	1,488	2,536	15,673	103
May	556	828	849	827	2,215	2,343	295	1,414	2,304	14,948	103
Jun	601	896	861	855	2,307	2,284	306	1,343	2,111	14,280	103
Jul	569	861	833	836	2,261	2,309	299	1,286	1,971	13,750	108
Aug	587	894	829	868	2,124	2,484	304	1,352	2,189	14,315	111
Sep	654	982	820	910	1,822	2,616	300	1,349	2,256	13,801	112
Oct	663	985	859	915	1,799	2,731	304	1,317	2,192	14,118	110
Nov	865	1,270	921	1,123	1,759	2,760	297	1,276	2,100	13,684	108
Dec	846	1,269	912	1,143	1,783	2,820	287	1,222	1,960	13,926	111

Thailand Market prices. (C+F Bankgkok)
Source: World Bank and Infotish.

TABLE 1-30 - REAL GROSS DOMESTIC PRODUCT
(1985 = 100)

Industry	2008	2009	2010	2011	2012	2013
Agriculture	167.7	167.7	177.7	197.7	188.6	182.1
Forestry, Logging, Sawmilling	398.6	287.0	379.5	501.9	506.1	497.5
Fishing	122.1	117.4	128.0	140.4	150.7	191.3
Mining & Exploration	5.6	55.7	55.7	533.4	877.4	766.8
Manufacturing	147.7	141.8	141.3	146.7	171.5	205.1
Electricity and Water	291.1	283.0	296.1	316.1	335.9	360.2
Construction	110.3	115.3	115.7	122.2	145.7	162.4
Retail and Wholesale Trade etc	162.4	167.8	171.2	181.6	190.3	197.3
Transport and Communications	250.8	260.5	275	327.9	344.1	374.0
Finance	262.6	267.5	272.5	284.0	296.5	309.5
Other Services	171.4	184.4	198.9	202.8	207.9	212.6
Index of Monetary GDP Production	194.0	187.8	205.2	225.1	227.3	236.7
Annual % movement	8.4	-3.3	9.2	9.7	1.0	4.1
Index of Primary Production	206.6	181.8	209.5	249.5	247.6	251.2
Annual % movement	8.5	-12.0	15.2	19.1	-0.8	1.4
Non-Monetary: Food	184.2	189.4	193.8	188.9	193.3	202.2
Non-Monetary: Construction	178.6	182.7	186.9	182.3	186.5	190.8
Non-Monetary GDP Index	183.8	188.9	193.2	188.4	192.7	201.3
Index of Total GDP Production	191.4	187.9	202.7	224.2	231.7	239.1
Annual % movement	7.3	-1.9	7.9	10.6	3.3	3.2

Source: Central Bank of Solomon Islands

TABLE 1-31 - PRODUCTION BY MAJOR COMMODITY

Period	Copra (m.t)	Coconut Oil (m.t)	Palm Oil (m.t)	Palm Kernel oil (mt)	Fish Catch (mt)	Cocoa (mt)	Timber & Log (000m ³)	Gold (ounce)	Silver (ounce)
2010									
Jan	25,389	123	28,615	3,205	21,385	21,385	1,428	-	-
Feb	35,280	470	31,592	3,537	28,195	28,195	1,937	51,054	19,043
Mar	26,610	189	31,846	3,387	29,377	29,377	1,948	67,819	28,993
Apr	13,922	192	32,154	3,173	24,876	24,876	1,897	58,690	22,021
May									
Jun	4,301	42	7,320	782	5,540	951	324	-	-
Jul	5,715	42	7,936	930	3,130	1,490	294	-	-
Aug	6,141	26	7,125	806	5,625	1,517	396	-	-
Sep	9,232	14	6,233	686	7,090	1,418	414	-	-
Oct									
Nov									
Dec									
2011									
Jan	10,670	56	7,353	774	4,430	952	416	-	-
Feb	9,367	27	8,240	929	5,716	2,159	509	6,660	3,672
Mar	6,810	200	8,003	934	10,094	2,012	514	20,028	8,532
Apr	8,433	188	7,996	900	7,955	1,371	499	24,366	6,840
May									
Jun	8,953	44	7,221	771	5,446	782	523	21,775	12,559
Jul	6,615	55	8,961	1,004	6,112	1,829	442	18,556	6,104
Aug	7,796	44	7,783	816	8,768	903	510	14,627	4,964
Sep	3,247	45	7,882	796	9,051	1,312	473	12,861	5,366
Oct									
Nov									
Dec									
2012									
Jan	3,317	43	7,536	705	4,157	750	440	9,905	4,174
Feb	2,971	48	8,720	891	3,893	1,384	437	18,717	6,949
Mar	3,593	47	7,464	734	8,972	1,506	479	14,981	5,670
Apr	4,041	53	8,433	842	7,854	878	541	15,086	5,228
May									
Jun	943	11	2,664	252	1,053	273	155	1,605	548
Jul	1,191	17	2,428	215	1,611	226	156	4,932	1,977
Aug	1,183	15	2,444	238	1,493	251	129	3,369	1,649
Sep	1,156	16	3,193	318	1,379	490	214	6,519	2,281
Oct	891	12	2,723	282	1,412	484	148	5,794	2,172
Nov	924	20	2,804	291	1,102	411	74	6,405	2,496
Dec	973	15	2,771	280	2,023	808	153	5,456	2,166
2013									
Jan	1,497	15	2,312	222	4,163	411	183	5,092	1,904
Feb	1,124	17	2,381	233	2,786	287	143	4,433	1,599
Mar	1,542	18	2,922	312	3,199	346	185	5,336	1,974
Apr	1,248	17	2,750	277	2,177	379	172	5,569	2,174
May	1,251	18	2,762	253	2,478	153	184	5,228	1,080

Source: Central Bank of Solomon Islands

TABLE 1.32 - NUMBER, VALUE AND AVERAGE VALUE OF BUILDING PERMITS ISSUED, HONIARA

Period	NUMBER				VALUE (\$'000)				AVERAGE VALUE (\$'000)			
	Residential	Commercial/ Industry	Other	TOTAL	Residential	Commercial/ Industry	Other	TOTAL	Residential	Commercial/ Industry	Other	TOTAL
2009	132	60	10	200	50645	73756	4126	128527	384	1229	413	643
2010	109	83	37	229	48025	87721	11563	147310	441	1057	313	643
2011	102	65	34	201	64255	91549	3061	158866	630	1408	90	790
2012	45	37	22	104	27810	89229	2415	117204	618	2412	110	1127
2013	49	40	24	113	30338	97341	2635	127859	619	2434	110	1131
Quarterly												
2009												
Mar	25	21	-	46	10650	17912	-	28562	426	853	-	621
Jun	35	17	3	53	15381	18950	2800	37131	439	1115	933	701
Sep	37	12	-	49	9868	11975	-	21843	267	998	-	446
Dec	35	10	7	52	14745	24920	1326	40991	421	2492	189	788
2010												
Mar	36	21	12	69	18620	17483	1238	37342	517	833	103	541
Jun	23	24	14	61	9629	17200	7778	34607	419	717	556	567
Sep	23	18	7	48	7651	14457	1880	23988	333	803	269	500
Dec	27	20	4	51	12125	38581	667	51373	449	1,929	167	1,007
2011												
Mar	43	25	9	77	20298	22,900	354	43552	472	916	39	566
Jun	5	7	6	18	3550	20,277	435	24262	710	2,897	73	1,348
Sep	31	18	9	58	21960	26,984	880	49824	708	1,499	98	859
Dec	23	15	10	48	18448	21,388	1392	41229	802	1,426	139	859
2012												
Mar	11	6	5	22	9576	42746	990	53312	871	7,124	198	2,423
Jun	13	8	6	27	6756	12783	620	20159	520	1,598	103	747
Sep	9	13	1	23	4738	9050	45	13833	555	1,049	88	761
Dec	12	10	10	32	6740	24650	760	29900	562	2,465	76	1,005
2013												
Mar	12	6	5	23	11600	3700	324	15624	967	617	65	679
Jun	8	9	4	21	6500	11504	270	18274	813	1,278	68	870
Sep	17	8	8	33	17150	12240	640	30030	1,009	1,530	80	910
Dec	30	12	9	51	19345	32647	752	52744	645	2,721	84	1,034

Source: Honiara City Council

TABLE 1.33 - TOTAL VISITORS ARRIVALS

Period	Air	Sea	Total	Average length of stay (days) of Tourists
2010				
2010	20,521	n/a	20,521	15
2011	22,941	n/a	22,941	16
2012	23,925	n/a	23,925	15
2013	24,431	n/a	24,431	15
2010				
2010				
Mar	4,210	n/a	4,210	15
Jun	4,754	n/a	4,754	12
Sep	6,262	n/a	6,262	13
Dec	5,295	n/a	5,295	18
2011				
2011				
Mar	5,119	0	5,119	16
Jun	5,505	0	5,505	15
Sep	6,244	0	6,244	16
Dec	6,073	0	6,073	15
2012				
2012				
Mar	4,651	0	4,651	13
Jun	6,926	0	6,929	14
Sep	7,303	0	7,303	13
Dec	5,038	0	5,038	16
2013				
2013				
Mar	5,318	0	5,318	14
Jun	6,195	0	6,195	13
Sep	6,887	na	6,887	13
Dec	6,031	na	6,031	21
2013				
2013				
Jan	1,590	0	1,590	14
Feb	1,544	0	1,544	14
Mar	2,184	0	2,184	14
Apr	2,021	0	2,021	13
May	1,857	0	1,857	13
Jun	2,317	0	2,317	13
Jul	2,574	na	2,574	13
Aug	2,022	na	2,022	13
Sep	2,291	na	2,291	13
Oct	2,057	na	2,057	21
Nov	1,981	na	1,981	21
Dec	1,993	na	1,993	21

 Source: Statistics Division, Ministry of Finance
 Central Bank of Solomon Islands

Note: Average length of stay (days) of tourists is on quarters and Annual only.

TABLE 1.34 - GENERATION AND SALES OF ELECTRICITY
(All Stations)

Period	Units Generated	Units Sold ('000 KWH)				Total
		Domestic	Commercial and Industrial	Government	Other	
2010	79143	8675	37307	8215	1696	55893
2011	74669	12297	39078	7884	1660	60918
2012	75313	8277	38673	7370	860	55181
2013	81083	14161	37727	8,761	814	61,463
Quarterly						
2010						
Mar	18772	1918	8132	2713	569	13331
Jun	21773	2150	8820	1991	364	13325
Sep	19161	2280	9630	1757	441	14109
Dec	19437	2327	10725	1755	322	15128
2011						
Mar	18218	2401	9444	2150	475	14470
Jun	18618	2400	10049	1947	533	14930
Sep	18788	3234	9227	1860	389	14711
Dec	19045	4262	10356	1927	262	16808
2012						
Mar	18412	3149	9861	1439	361	14811
Jun	18284	1735	9812	2076	111	13735
Sep	19200	1558	9281	1907	199	12945
Dec	19417	1835	6719	1947	189	13690
2013						
Mar	20309	3987	9501	1763	221	15473
Jun	19105	3570	9129	2417	224	15339
Sep	20378	3237	9559	2406	184	15386
Dec	21290	3367	9538	2175	184	15264
Monthly						
2013						
Jan	6914	1394	3036	503	48	4982
Feb	6606	1269	3235	704	92	5300
Mar	6789	1324	3230	557	81	5192
Apr	6575	1146	3092	833	82	5153
May	6847	1196	3119	863	70	5248
Jun	5684	1228	2917	722	72	4938
Jul	6621	988	3034	785	48	4855
Aug	7010	1150	3352	830	72	5404
Sep	6747	1099	3173	790	65	5127
Oct	7230	1123	2847	755	55	4780
Nov	6943	1113	3127	787	80	5106
Dec	7117	1131	3565	633	49	5,378

Source : Solomon Islands Electricity Authority

TABLE 1.35 - SELECTED ECONOMIC INDICATORS

	Unit	2011				2012				2013				
		Q 3	Q 4	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2	Q 3	Q 4			
A. External Trade	SBD'000													
(i) Exports (fob)		936705	863907	961099	842683	948,899	875413	686722	818506	815545	890839			
(ii) Imports (fob)		920089	826863	739684	750912	914255	876259	839903	826931	857039	855935			
B. Gross External Reserves	SBD'000	2701801	3033629	3279713	3507096	3655625	3667806	3648637	3742173	3780640	3908643			
C. Money Supply	SBD'000													
(i) Currency in active Circulation		433574	481159	480463	503368	481159	480463	503368	511254	474240	531131			
(ii) M2		1780422	1780422	1796513	1953361	1780422	1796513	1953361	1920006	2644895	2802461			
(iii) M3		2434894	2609902	2630989	2889008	2609902	2630989	2889008	3156413	3264033	3443154			
D. Domestic Credit	SBD'000													
(i) Government (net)		-588895	-588895	-820237	-1001115	-588895	-820237	-1001115	-1421719	-1318238	-1328218			
(ii) Statutory Corporations		-59540	-59540	-59540	-59540	-59540	-59540	-59540	59540	36029	31969			
(iii) Private Sector Credit		1137013	1221472	1209111	1209253	1230049	1271153	1361302	1397887	1417489	1463455			
E. Interest Rates (average)	%													
(i) Savings Deposits		0.29	0.29	0.30	0.32	0.29	0.30	0.32	0.32	0.31	0.33			
(ii) Time Deposits (6-12 months)		3.34	3.34	2.76	1.96	3.34	2.76	1.96	0.510	0.43	0.63			
(iii) Lending		13.99	13.99	10.20	11.38	13.99	10.20	11.38	10.73	10.44	12.36			
(iv) Bank Deposits with CBSI		0	0	0	0	0	0	0	0	0	0			
F. Exchange Rates (Quarterly average)														
(i) US\$1.00 = S/\$		7.40	7.36	7.36	7.36	7.36	7.35	7.32	7.29	7.27	7.33			
(ii) AU\$1.00 = S/\$		7.78	7.44	7.76	7.44	7.64	7.64	7.60	7.23	6.66	6.80			
G. Honiara Retail Price Index (Q4 2005=100)														
Annual % change		160	162	165	170	168	170	177	179	178	175			
		8.9	10.1	7.3	7.1	4.7	4.6	7.1	5.4	6.3	3.0			
H. Tourists Arrivals		6244	6073	4651	6926	7307	5038	5318	6195	6887	6031			
I. Electricity Consumption	'000 KwH	14711	16808	14811	13735	12945	13690	15473	15339	15386	15264			
J. International Commodity Prices USD/ton														
(i) Copra		991	917	933	793	672	565	553	560	603	791			
(ii) Cocoa		3035	2468	2341	2282	2494	2451	2209	2307	2470	2770			
(iii) Palm Oil		1080	1025	1107	1088	995	809	853	851	827	897			
(iv) Fish		1889	1943	2089	2111	2347	2132	1750	2093	2069	1780			
(v) Logs (USD/m3)		445	409	373	361	355	353	323	302	301	296			

Source: Central Bank of Solomon Islands

