

## Monthly Economic Bulletin

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### I. MONETARY DEVELOPMENTS

Money supply (M3) declined slightly by 0.5% to \$5,899 million in July 2024, following a 1% growth in June. This outcome was jointly driven by a 1% fall in narrow money (M1) to \$4,968 million and a 0.3% decline in other deposits (time and savings) to \$931 million.

Net foreign assets (NFA) of the banking system expanded by 2% to \$5,117 million. This was underpinned by a 0.2% increase in the Central Bank's NFA to \$5,074 million. However, the NFA of other depository corporations (ODCs) narrowed from \$62 million in June to \$43 million in July. NFA declined by 1% on annually<sup>1</sup> basis.

Credit to private sector (PSC) increased marginally by 0.6% to \$2,774 million. Meanwhile, net credit to the government (NCG) grew by 4% to minus \$554 million, spurred by the increase in government deposits in the banking sector during the month. Annually<sup>1</sup>, PSC and NCG declined by 0.3% and 21%, respectively.

Free liquidity<sup>2</sup> in the banking system narrowed by 10% in July to \$2,617 million. The decline was driven by the fall in call account deposits at CBSI along with the increase in NCG during the month. The minimum required reserve stood at \$327 million at the end of July.

#### Domestic Market Operations

The stock of CBSI's Bokolo Bills narrowed to \$410 million in July 2024. The weighted average yield (WAY) for Bokolo Bills increased to 0.26% from 0.24% in the previous month. Meanwhile, the tender for treasury bills (T-Bills) during the month reached \$33 million although only \$24 million was absorbed. The T-bills WAY for 91 and 182 days increased marginally from 1.12% to 1.13% and 2.40% to 2.41%, respectively. On the other hand, the WAY for 365 days declined from 2.63% to 2.61%.

<sup>1</sup> The annual percentage change refer to growth comparison against December 2023

<sup>2</sup> Free liquidity is total liquidity excluding the minimum required reserves

### II. EXTERNAL CONDITIONS

#### Trade in Goods

[Trade statistics for the month of July were not available at the time of reporting. CBSI formally requested the trade data from the Customs and Excise Division (CED). However, CED was unable to provide the data due to changes in their requirements for sharing trade data with CBSI].

#### Remittances

In July 2024, remittances processed through money transfer operators recorded total inward receipts of \$58 million against outward payments of \$10 million. As a result, a net remittance surplus of \$47 million was recorded in July compared to \$36 million in June.

#### Gross Foreign Reserves

In July 2024, the gross foreign reserves slid by 0.2% to \$5,618 million, due to revaluation losses during the period. This level of reserves is sufficient to cover 10.1 months of imports of goods and services.

#### Exchange Rate

During the month, the Solomon Islands dollar (SBD) slightly appreciated against the United States dollar (USD) by 0.2% to an average of \$8.46 per USD. Conversely, the SBD depreciated against the Australian dollar (AUD) by 0.3% to \$5.64 per AUD but appreciated against the New Zealand dollar (NZD) by 2% to \$5.10 per NZD. Similarly, the SBD strengthened against the Japanese yen but weakened against the British pound and the Euro. As a result of the mixed movements within the currency basket, the trade-weighted index (TWI) strengthened by 0.1% to 114.8 points.

### II: GOVERNMENT FINANCE

The government recorded a provisional operating balance of \$37 million deficit in July 2024, compared to \$47 million surplus in the preceding month. The deficit resulted from higher expenditures exceeding a slight increase in revenue during the month. Total

expenditure expanded by 38% to \$347 million, due to increases in payments on payroll and goods and services. Meanwhile, total revenue grew by 4% to \$310 million, attributed to an improvement in customs and excise receipts.

The government’s overall debt balance edged up to \$2,912 million in July from a revised \$2,906 million in June. This slight increase was mainly driven by exchange rate revaluations during the month. External debt grew marginally by 1% \$1,734 million whilst domestic debt fell slightly by 1% to \$1,178 million, following debt repayments during the month. Debt servicing totaled \$41.5 million in July, consisting of \$37.7 million in principal repayments and \$3.8 million on interest charges.

**IV: DOMESTIC ECONOMY**

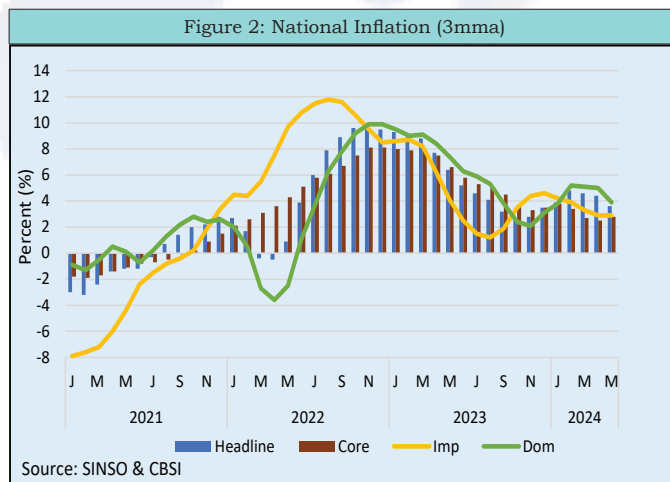
The monthly production index rose by 6 points to a provisional index of 122 in July 2024. The positive outcome was attributed to the upturn in logging (11 points) and fishing (1 point), which outweighed the downturn in mining (5 points), and agriculture cash crops (1 point). Actual production showed round logs surged by 38% to 112 thousand cubic meters and fish catch by 14% to 2,286 tons. In contrast, minerals declined by 27% to 4,582 equivalent units of gold ounces, while palm oil fell by 15% to 2,075 tons.

The commodity price index inched up by 1 point to an index of 87.9. This was driven by increases in the prices of coconut oil by 5% to US\$1,474 per ton, gold by 3% to US\$2,398 per ounce, timber by 1% to US\$701 per cubic meter and palm oil by 3% to US\$896 per ton. Meanwhile cocoa price fell by 14% to US\$7,090 per

ton whilst the prices of fish and round logs remained unchanged as in the previous month at US\$1,764 per ton and US\$189 per cubic meter, respectively.

**Consumer Price Index, Inflation (YoY - 3mma)**

The latest monthly CPI available is still for May 2024 and had been reported in the June 2024 Monthly Economic Bulletin. The headline and core inflation stood at 3.6% and 2.8%, respectively.



**CBSI Monthly Price Index (MPI)**

The CBSI MPI for selected consumer items went up from 112 points to 115 points in July. This outcome was largely driven by the surge in the price of Solrice family (40lb) by \$16.00 to \$167.60 per bag during the month. Additionally, there were slight increases in the price of betel-nut by 5 cents to \$0.63 per nut and the electricity tariff for domestic customers by 1 cent to \$7.73 per KWh. However, fuel price declined by 34 cents to \$10.91 per litre.

## Solomon Islands Key Economic Indicators

		Feb 24	Mar 24	Apr 24	May 24	Jun 24	Jul 24
<b>Consumer price index (%)</b>	Headline (3mma)	4.8	4.6	4.4	3.6	n.a	n.a
	Underlying (3mma): core 3	3.4	2.7	2.5	2.8	n.a	n.a
	Headline (MoM)	1.5	-2.0	-0.3	-0.3	n.a	n.a
<b>CBSI MPI</b> (weighted Index)	Month- on - Month	119	116	117	115	112	115
<b>Production Index</b>	Index	119	117	110	109	116	122
<b>Trade<sup>1</sup></b> (eop)	Exports ( \$ millions)	303	356	298	417	288	n.a
	Imports ( \$ millions)	288	387	508	318	399	n.a
	Trade Balance (\$ millions)	15	-30	-210	99	-111	n.a
<b>Exchange Rates</b> (Mid-rate, Monthly average)	SBD per USD	8.50	8.49	8.54	8.51	8.47	8.46
	SBD per AUD	5.55	5.57	5.56	5.63	5.63	5.64
	SBD per NZD	5.21	5.19	5.09	5.15	5.20	5.10
	SBD per GBP	10.74	10.80	10.69	10.74	10.77	10.87
	SBD per 100 JPY	5.69	5.68	5.56	5.46	5.37	5.35
	SBD per EUR	9.18	9.24	9.16	9.19	9.12	9.17
	SBD Currency Basket Index	115.5	115.3	115.9	115.2	115.0	114.8
<b>Gross Foreign Reserves</b> ( eop)	\$ millions	5,670	5,662	5,665	5,655	5,626	5,618
<b>Liquidity<sup>2</sup></b> (eop)	Free Liquidity (\$ millions)	2,771	2,716	2,609	2,992	2,906	2,617
<b>Money and credit<sup>2</sup></b> (eop)	Narrow Money, M1 (\$ millions)	4,856	4,925	4,985	4,928	4,994	4,968
	Broad Money, M3 ( \$ millions)	5,781	5,848	5,915	5,857	5,928	5,899
	Private Sector credit (\$ millions)	2,748	2,769	2,768	2,740	2,756	2,774
<b>Interest Rates</b> ( weighted average yield)	28-days Bokolo Bills rate (%)	0.24	0.24	0.24	0.24	0.24	0.26
	91- days Treasury Bills rate (%)	0.58	0.93	1.10	1.10	1.12	1.13
	182-days Treasury Bills rate (%)	2.45	2.45	2.45	2.45	2.40	2.41
	365-days Treasury Bills rate (%)	2.65	2.65	2.65	2.65	2.63	2.61
<b>Government Finance</b>	Revenue (\$ millions)	195	273	251	264	299	310
	Expenditure (\$ millions)	290	269	287	280	252	347
	Fiscal Balance (\$ millions)	-95	4	-36	-15	47	-37
	SIG Debt stock (eop) (\$ millions)	2,875	2,888	2,882	2,855	2,906	2,912
<b>Global Commodity Prices</b> (monthly averages)	CBSI Commodity Price Index	79.8	83.8	88.5	86.7	87.4	87.9
	Round logs - (US\$/m3)	199	199	194	191	189	189
	Gold - (US\$/oz)	2,023	2,158	2,331	2,351	2,326	2,398
	Palm Oil - (US\$/tonne)	857	943	936	859	874	896
	Fish - (US\$/tonne)	1,451	1,451	1,535	1,652	1,764	1,764
	Coconut oil - (US\$/tonne)	1,172	1,288	1,425	1,402	1,398	1,474
	Cocoa - (US\$/tonne)	5,560	7,089	9,740	7,540	8,270	7,090
	Timber - (US\$/m3)	688	693	683	688	693	701

<sup>1</sup> Value in terms of free on Board (FOB)

<sup>2</sup> Based on weekly statistics provided by other depository corporations ( ODCs).

Note;  
na : not available at time of publication.