

Monthly Economic Bulletin

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Content	Page
I. Monetary Developments	1
II. External Conditions	1
III. Government Finances	2
IV. Domestic Production	2
V. Key Economic Indicators	3

I. MONETARY DEVELOPMENTS

Money supply (M3) declined in September 2024 by 0.4% to \$5,876 million, following a modest reduction in August. The fall in M3 was driven by narrow money (M1), falling by 1% to \$4,906 million despite an increase in other deposits (time and savings) by 3% to \$971 million.

Net foreign assets (NFA) of the banking system narrowed by 1% to \$5,049 million. This was due to a 0.1% decline in the Central Bank's NFA to \$5,043 million. Similarly, the NFA of other depository corporations (ODCs) shrank from \$29 million in August to \$7 million in September. NFA declined by 2% on an annual basis¹.

Credit to private sector (PSC) strengthened by 1% to \$2,814 million in September. Likewise, net credit to the government (NCG) expanded by 17% to minus \$559 million, reflecting the rise in government deposits in the banking system during the month. On an annual basis¹, PSC increased by 1% while NCG declined by 20%.

Free liquidity² in the banking system fell by 4% in September to \$2,485 million. The decline was jointly driven by the increase in net credit to government and the fall in NFA during the month. The minimum required reserve stood at \$330 million during the month.

Domestic Market Operations

The stock of CBSI's Bokolo Bills reached \$430 million in September 2024. The weighted average yield (WAY) for Bokolo Bills remain unchanged at 0.29% from the previous month. Meanwhile, the tender for treasury bills (T-Bills) during the month reached \$32 million although only \$22 million was absorbed. The T-bills WAY for 91 days remained at 1.12% as in the previous. However, the WAY for 182 and 365 days declined from 2.42% to 2.41% and 2.62% to 2.61%, respectively.

¹ The annual percentage change refer to growth comparison against December 2023

² Free liquidity is total liquidity excluding the minimum required reserves

II. EXTERNAL CONDITIONS

Trade in Goods

The balance of trade in goods showed a narrower deficit of \$75 million, a significant improvement from \$314 million deficit reported in August. This favorable outcome stemmed from a notable decline in imports which fell by 34% to \$408 million, along with a 10% increase in exports to \$333 million. The substantial fall in imports reflected the reduction across all import categories. In contrast, the increase in exports was largely driven by strong performance in round logs, minerals and agricultural exports during the month.

Remittances

In September 2024, total remittances processed through money transfer operators recorded total inward receipts of \$42 million against outward payments of \$8 million. Consequently, the net remittance balance posted a surplus of \$34 million. However, this was lower than the revised surplus of \$50 million in the previous month.

Gross Foreign Reserves

Gross foreign reserves slid by 0.4% to \$5,586 million. This was due to the revaluation losses and higher out-flow payments during the period. This level of reserves is sufficient to cover 9.4 months of imports of goods and services.

Exchange Rate

The Solomon Islands dollar appreciated against the United States dollar by 1.4%, reaching an average of \$8.35 per USD during the month. Conversely, the SBD depreciated against the Australian dollar and the New Zealand dollar by 0.5% to \$5.65 per AUD and 1.1% to \$5.2 per NZD, respectively. Likewise, the SBD depreciated against both the British pound and Japanese Yen, while strengthened against the Euro. As a result of the mixed movements within the currency basket, the trade weighted index (TWI) rose by 1.2% to 113.1 points.

II: GOVERNMENT FINANCE

The Government’s operating balance showed a provisional surplus of \$69 million, in September 2024, a significant turnaround from \$36 million deficit recorded in August. This positive outcome was driven by a substantial increase in revenue collection and a slight reduction in Government expenditure. Total revenue surged by 47% to \$313 million primarily due to a rise in tax receipts. Conversely, total expenditure fell by 2% to \$244 million reflecting lower payroll payments. Ther improvement in the operating balance underscores the fiscal measures undertaken by the Government aimed at boosting revenue while controlling its spending.

The Government’s debt balance grew slightly by 0.01%, reaching \$2,934 million at the end of September 2024. This modest growth reflected the Government’s domestic short-term borrowing through the Temporary Advance Facility to manage its cashflow needs. Accordingly, domestic debt rose by 1% to \$1,167 million. On the other hand, total external debt slipped by 1% to \$1,767 million largely attributed to exchange rate movements and scheduled debt repayments during the month. Meanwhile, debt servicing totaled \$45.3 million in September, consisting of \$31.6 million in principal repayments and \$13.7 million on interest charges.

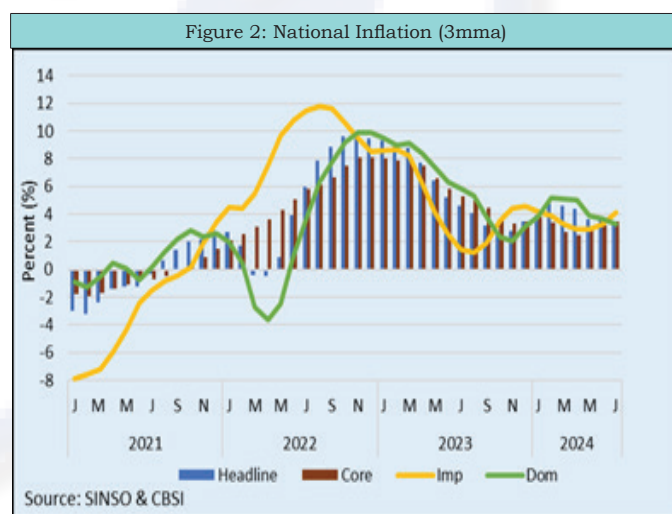
IV: DOMESTIC ECONOMY

The provisional monthly production index saw a significant increase of 27 points, reaching an index of 135 in September 2024. This positive outcome was mainly driven by strong performances in agriculture cash crops and logging, contributing 13 points and 12 points, respectively, and supported by gains in mining (2 points). Meanwhile, fishing declined by 1 point. In terms of actual production, round logs rebounded by 29% to 155 thousand cubic meters, coconut oil surged by 43% to 610 tons, whilst mineral output rose by 16% to 5,385 equivalent units of gold ounces. These outweighed the decline in cocoa and copra production which dropped by 43% to 196 tons, and 32% to 312 tons, respectively.

The commodity price index went up by 1 point to an index of 91.4. This upturn was driven by price increases in several commodities including coconut oil which rose by 7% to US\$1,736 per ton, palm oil by 5% to US\$983 per ton, gold by 4% to US\$2,571 per ounce, and round logs and timber by 2% each to US\$208 and US\$720 per cubic meter, respectively. Conversely, fish price dropped by 11% to US\$1,342 per ton, whilst cocoa price fell by 5% to US\$6,520 per ton.

Consumer Price Index, Inflation (YoY - 3mma)

The recent monthly Consumer Price Index (CPI) data available is for July 2024, and has already been reported in the August 2024 Monthly Economic Bulletin. As reported, both headline and core inflation for July stood at 3.5%.



CBSI Monthly Price Index (MPI)

The CBSI MPI for selected consumption items fell slightly from 118.5 points to 118.4 points in September. This decline was mainly due to the reduction in fuel prices, which dropped by 47 cents to \$10.62 per litre, Solrice (40lb bag) by 20 cents to \$166.00, and the lower electricity tariff for households by 1 cent to \$7.56 per kWh. Conversely, betelnut prices rose by 23 cents to an average of \$1.44 per nut, and LP gas edged higher by 15 cents to \$29.45 per kg.

Solomon Islands Key Economic Indicators

		Apr 24	May 24	Jun 24	Jul 24	Aug 24	Sep 24
Consumer price index (%)	Headline (3mma)	4.4	3.6	3.6	3.5	na	na
	Underlying (3mma): core 3	2.5	2.8	3.2	3.5	na	na
	Headline (MoM)	-0.3	-0.3	0.5	0.6	na	na
CBSI MPI (weighted Index)	Month- on - Month	117	115	112	115	118	118
Production Index	Index	117	112	99	90	108	135
Trade¹ (eop)	Exports (\$ millions)	298	417	288	313	314	333
	Imports (\$ millions)	508	318	399	478	616	408
	Trade Balance (\$ millions)	-210	99	-111	-165	-303	-75
Exchange Rates (Mid-rate, Monthly average)	SBD per USD	8.54	8.51	8.47	8.46	8.47	8.35
	SBD per AUD	5.56	5.63	5.63	5.64	5.62	5.65
	SBD per NZD	5.09	5.15	5.20	5.10	5.41	5.20
	SBD per GBP	10.69	10.74	10.77	10.87	10.95	11.03
	SBD per 100 JPY	5.56	5.46	5.37	5.35	5.79	5.83
	SBD per EUR	9.16	9.19	9.12	9.17	9.32	9.27
	SBD Currency Basket Index	115.9	115.2	115.0	114.8	114.5	113.1
Gross Foreign Reserves (eop)	\$ milions	5,665	5,655	5,626	5,618	5,612	5,586
Liquidity² (eop)	Free Liquidity (\$ millions)	2,609	2,992	2,906	2,617	2,576	2,485
Money and credit² (eop)	Narrow Money, M1 (\$ millions)	4,985	4,928	4,994	4,968	4,959	4,906
	Broad Money, M3 (\$ millions)	5,915	5,857	5,928	5,899	5,898	5,876
	Private Sector credit (\$ millions)	2,768	2,740	2,756	2,774	2,780	2,814
Interest Rates (weighted average yield)	28-days Bokolo Bills rate (%)	0.24	0.24	0.24	0.26	0.29	0.29
	91- days Treasury Bills rate (%)	1.10	1.10	1.12	1.13	1.12	1.12
	182-days Treasury Bills rate (%)	2.45	2.45	2.40	2.41	2.42	2.41
	365-days Treasury Bills rate (%)	2.65	2.65	2.63	2.61	2.62	2.61
Government Finance	Revenue (\$ millions)	251	264	299	310	212	313
	Expenditure (\$ millions)	287	280	252	347	248	244
	Fiscal Balance (\$ millions)	-36	-15	47	-37	-36	69
	SIG Debt stock (eop) (\$ millions)	2,882	2,855	2,906	2,912	2,931	2,934
Global Commodity Prices (monthly averages)	CBSI Commodity Price Index	87.4	84.1	84.1	85.7	89.9	91.4
	Round logs - (US\$/m3)	194	191	189	189	204	208
	Gold - (US\$/oz)	2,331	2,351	2,326	2,398	2,470	2,571
	Palm Oil - (US\$/tonne)	936	859	874	896	933	983
	Fish - (US\$/tonne)	1,338	1,191	1,187	1,366	1,500	1,342
	Coconut oil - (US\$/tonne)	1,425	1,402	1,398	1,474	1,619	1,736
	Cocoa - (US\$/tonne)	9,740	7,540	8,270	7,090	6,880	6,520
	Timber - (US\$/m3)	683	688	693	701	705	720

¹ Value in terms of free on Board (FOB)

² Based on weekly statistics provided by other depository corporations (ODCs).

Note;
na : not available at time of publication.