

## Monthly Economic Bulletin

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### I. MONETARY DEVELOPMENTS

Money supply (M3) expanded in October 2024 by 1% to \$5,918 million, following a slight decline in September. This growth was driven by a 1% upturn in both narrow money (M1) and other deposits (time and savings) to \$4,938 million and \$980 million, respectively.

Net foreign assets (NFA) of the banking system declined by 1% to \$4,980 million. This was largely driven by a 0.4% reduction in the Central Bank's NFA to \$5,024 million. In addition, the NFA of other depository corporations (ODCs) narrowed from \$7 million in September 2024 to minus \$44 million in October. NFA declined by 4% on an annual basis<sup>1</sup>.

Credit to private sector (PSC) strengthened by 1% to \$2,841 million in October. On the other hand, net credit to the government (NCG) declined by 16% to minus \$472 million, reflecting drawdowns of government deposits in the banking system during the month. Annually<sup>1</sup>, PSC increased by 2% while NCG declined by 33%.

Free liquidity<sup>2</sup> in the banking system firmed up by 4% in October to \$2,591 million. The growth was supported by an increase in call account deposits at the Central Bank and a fall in NCG during the month. The minimum required reserve stood at \$311 million during the month.

#### Domestic Market Operations

The stock of the CBSI's Bokolo Bills remain capped at \$430 million in October 2024. The weighted average yield (WAY) for Bokolo Bills slightly increased to 0.30% from 0.29% in the previous month. Meanwhile, the tender for treasury bills (T-Bills) during the month reached \$37 million although only \$25 million was absorbed. The T-bills WAY for 91 days increased to 1.14% from 1.12% in the previous month. However, the WAY for 182 and 365 days declined from 2.41% to 2.40% and 2.61% to 2.59%, respectively.

<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

The balance on trade in goods recorded a wider deficit of \$117 million in October 2024, following a \$75 million deficit witnessed in the previous month. This outcome was mainly driven by a 22% surge in imports to \$498 million, which outweighed the growth in exports by 15% to \$381 million during the month. The rise in imports was largely due to higher imports for fuel, machinery and basic manufactures. Meanwhile, the increase in exports stemmed from upturns in minerals and other exports, outweighing the significant reduction in round logs and timber and agricultural exports.

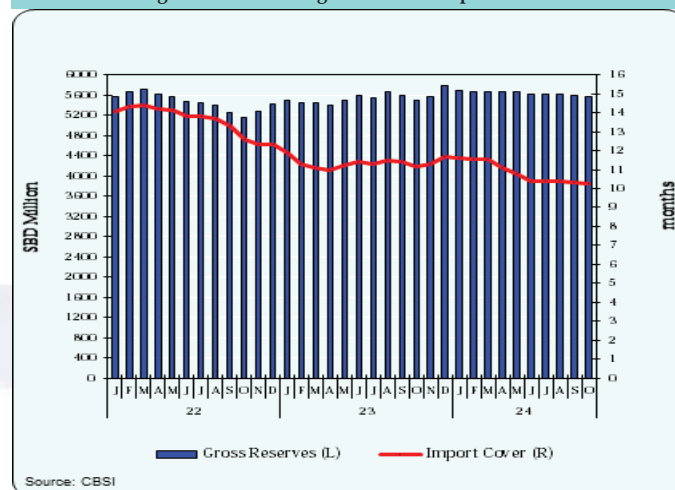
#### Remittances

The total inward remittances processed through money transfer operators during the month amounted to \$47 million compared to the total outward payments of \$11 million. As a result, the net remittance in October posted a surplus of \$36 million.

#### Gross Foreign Reserves

Gross foreign reserves fell slightly by 0.4% to \$5,566 million, mainly due to revaluation losses during the month. This level of reserves is sufficient to cover 10.3 months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



#### Exchange Rate

During the month of October, the Solomon Islands dollar slightly appreciated against the United States

dollar by 0.1% to an average of \$8.35 per USD. Similarly, the SBD appreciated against both the Australian dollar and New Zealand dollar by 0.8% to \$5.61 per AUD and 2.1% to \$5.09 per NZD, respectively. Likewise, the SBD appreciated against the British pound, Japanese yen and Euro. Due to the depreciation of foreign currencies against the SBD, the trade weighted index (TWI) weakened by 0.23% to 113.4 points.

**II: GOVERNMENT FINANCE**

The Government recorded an operational deficit of \$89 million in October 2024, a significant turnaround from \$69 million surplus posted in the prior month. This shift was driven by a notable upturn in expenditures and a decline in revenue collections. Total government expenditure surged by 56% to \$380 million in October, mirroring higher payments on payroll and goods and services. On the revenue side, total collections dropped by 7% to \$291 million due to lower tax receipts from Inland revenue Division (IRD).

The Government’s debt stock grew by 5% to \$3,067 million at the end of October 2024. This increase was largely driven by additional loan disbursements from the Asian Development Bank (ADB) and the World Bank. Consequently, external debt balance rose by 8% to \$1,902 million. In contrast, domestic debt saw a slight decline of 0.2% to \$1,165 million, attributed to debt repayments during the period. Total debt servicing in October amounted to \$34 million, of which \$28 million was in principal repayments and \$6 million on interest payments.

**IV: DOMESTIC ECONOMY**

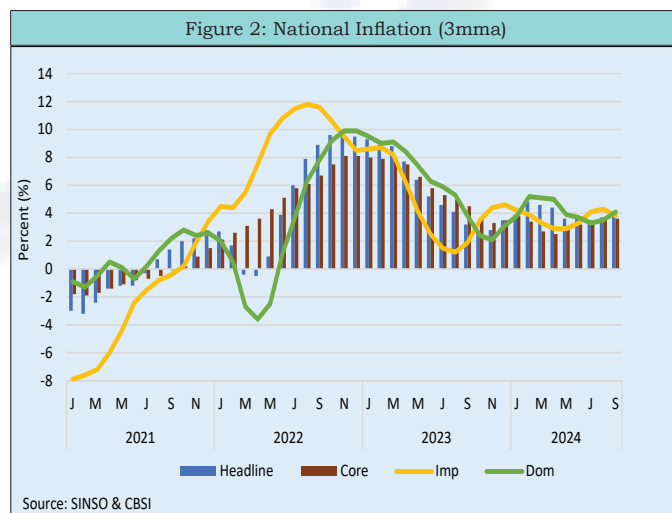
In October 2024, the monthly production index dropped sharply by 41 points to a preliminary index of 96 compared to the previous month. This was driven by steep reductions in logging (34 points) and agriculture cash crops (19 points), with the later mainly attributed to a substantial fall in coconut oil. These two sectors more than offset gains in mining (7 points) and fishing (5 points). Actual production data showed that round logs dropped by 64% to 56,000 cubic meters whilst coconut oil dropped significantly by 46% to 331 tons. On the other hand, mineral output saw a notable rising by 43% to 7,698 equivalent units of gold ounces. Similarly, fish catch rose by 38% to 3,743 tons, cocoa production surged by 66% to 325 tons, palm oil rebounded by 17% to 2,102 tons, whilst copra increased by 29% to 539 tons.

The commodity price index increased by 1 point to reach an index of 92.7. This uptick was driven by price increases in several commodities, including palm oil which jumped by 10% to US\$1,077 per ton, gold by 5% to US\$2,690 per ounce, and cocoa by 2% to US\$6,660 per ton. In contrast, round logs dropped by 4% to US\$199 per cubic meter, fish prices by 2% to US\$1,311 per ton, timber by 1% to US\$712 per cubic meter, and the price of coconut oil fell slightly by 0.4% to US\$1,728 per ton.

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

The Consumer Price Index (CPI) in September 2024 rose to an index of 126.5 from 126.0 in August. This upward trend was driven by higher prices for betelnut, fruits, and electricity, gas and solid fuels.

Headline inflation rose to 4.0% in September, up from 3.7% in August. This increase was mainly due to a 0.6 percentage point(pp) rise in domestic inflation, reaching 4.1%, despite a fall in imported inflation by 0.5 pp to 3.8%. Additionally, core inflation inched up by 0.1 pp o 3.6% in September.



**CBSI Monthly Price Index (MPI)**

The CBSI MPI for selected consumption items edged up from 118.4 points to 120.3 points in October. This upturn was driven by increases for several items, including Solrice (40lb bag), which rose by \$1 to \$167.00 per bag, betelnut prices went up by 56 cents to an average of \$2.00 per nut, and LP gas, which increased by 2 cents to \$29.47 per kg. However, fuel prices fell by 59 cents to \$10.03 per litre, whilst the electricity tariff for households decreased by 4 cents to \$7.53 per kWh.

## Solomon Islands Key Economic Indicators

		May 24	Jun 24	Jul 24	Aug 24	Sep 24	Oct 24
<b>Consumer price index (%)</b>	Headline (3mma)	3.6	3.6	3.5	3.7	4.0	n.a
	Underlying (3mma): core 3	2.8	3.2	3.5	3.5	3.6	n.a
	Headline (MoM)	-0.3	0.5	0.6	0.7	0.4	n.a
<b>CBSI MPI</b> (weighted Index)	Month- on - Month	115	112	115	118	118	120
<b>Production Index</b>	Index	112	99	90	108	137	96
<b>Trade<sup>1</sup></b> (eop)	Exports ( \$ millions)	417	288	313	314	333	381
	Imports ( \$ millions)	318	399	478	616	408	498
	Trade Balance ( \$ millions)	99	-111	-165	-303	-75	-117
<b>Exchange Rates</b> (Mid-rate, Monthly average)	SBD per USD	8.51	8.47	8.46	8.47	8.35	8.35
	SBD per AUD	5.63	5.63	5.64	5.62	5.65	5.61
	SBD per NZD	5.15	5.20	5.10	5.41	5.20	5.09
	SBD per GBP	10.74	10.77	10.87	10.95	11.03	10.91
	SBD per 100 JPY	5.46	5.37	5.35	5.79	5.83	5.58
	SBD per EUR	9.19	9.12	9.17	9.32	9.27	9.11
	SBD Currency Basket Index	115.2	115.0	114.8	114.5	113.1	113.4
<b>Gross Foreign Reserves</b> ( eop)	\$ milions	5,655	5,626	5,618	5,612	5,586	5,566
<b>Liquidity<sup>2</sup></b> (eop)	Free Liquidity ( \$ millions)	2,992	2,906	2,617	2,576	2,485	2,591
<b>Money and credit<sup>2</sup></b> (eop)	Narrow Money, M1 ( \$ millions)	4,928	4,994	4,968	4,959	4,906	4,938
	Broad Money, M3 ( \$ millions)	5,857	5,928	5,899	5,898	5,876	5,918
	Private Sector credit ( \$ millions)	2,740	2,756	2,774	2,780	2,814	2,841
<b>Interest Rates</b> ( weighted average yield)	28-days Bokolo Bills rate (%)	0.24	0.24	0.26	0.29	0.29	0.30
	91- days Treasury Bills rate (%)	1.10	1.12	1.13	1.12	1.12	1.14
	182-days Treasury Bills rate (%)	2.45	2.40	2.41	2.42	2.41	2.40
	365-days Treasury Bills rate (%)	2.65	2.63	2.61	2.62	2.61	2.59
<b>Government Finance</b>	Revenue ( \$ millions)	264	299	310	212	313	291
	Expenditure ( \$ millions)	280	252	347	248	244	380
	Fiscal Balance ( \$ millions)	-15	47	-37	-36	69	-89
	SIG Debt stock (eop) ( \$ millions)	2,855	2,906	2,912	2,931	2,934	3,067
<b>Global Commodity Prices</b> ( monthly averages)	CBSI Commodity Price Index	84.1	84.1	85.7	89.9	91.4	92.7
	Round logs - (US\$/m3)	191	189	189	204	208	199
	Gold - (US\$/oz)	2,351	2,326	2,398	2,470	2,571	2,690
	Palm Oil - (US\$/tonne)	859	874	896	933	983	1,077
	Fish - (US\$/tonne)	1,191	1,187	1,366	1,500	1,342	1,311
	Coconut oil - (US\$/tonne)	1,402	1,398	1,474	1,619	1,736	1,728
	Cocoa - (US\$/tonne)	7,540	8,270	7,090	6,880	6,520	6,660
	Timber - (US\$/m3)	688	693	701	705	720	712

<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.