

Monthly Economic Bulletin

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I. MONETARY DEVELOPMENTS

Money supply (M3) expanded in December 2024 by 1% to \$6,067 million, following a 2% increase in November. This was aided by a 1% growth in narrow money (M1) to \$5,066 million, along with a 3% increase in other deposits (time and savings) to \$1,001 million.

Net foreign assets (NFA) of the banking system increased by 4% to \$5,327 million. This was driven by a 4% growth in the Central Bank's NFA to \$5,312 million. NFA of other depository corporations (ODCs), however, declined from \$42 million in November to \$15 million in December. NFA grew by 3% annually¹.

Credit to private sector (PSC) contracted by 1% to \$2,846 million in December. Meanwhile, net credit to the government (NCG) expanded by 23% to minus \$653 million, reflecting the increase of government deposits in the banking system during the month. PSC increased by 2% while NCG declined by 7% on an annual basis¹.

Free liquidity² in the banking system widened by 4% in December to \$2,673 million. The growth was underpinned by an increase in NFA and an expansion in call account deposits during the month. The minimum required reserve stood at \$311 million in December.

Domestic Market Operations

The stock of the CBSI's Bokolo Bills remained capped at \$430 million in December 2024. The weighted average yield (WAY) for Bokolo Bills increased to 0.35% from 0.34% in the previous month. Meanwhile, treasury bills (T-Bills) tendered during the month reached \$17 million while \$15 million was absorbed. The T-bills WAY for 91 and 182 days remain unchanged from the prior month at 1.15% and 2.41%, respectively. However, the WAY for 365 days slightly increased from 2.60% to 2.61%.

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 on trade in goods recorded a narrower deficit of \$39 million in December 2024, compared to the \$55 million deficit witnessed in the prior month. This outcome emanated from a notable decline in imports by 16% to \$433 million, despite a 14% fall in exports to \$394 million. The substantial reduction in imports was broad-based, affecting all import categories. Similarly, the decline in exports reflected the fall across major export commodities, particularly round logs, fish and agriculture which outweighed the upturn in minerals exports during the month.

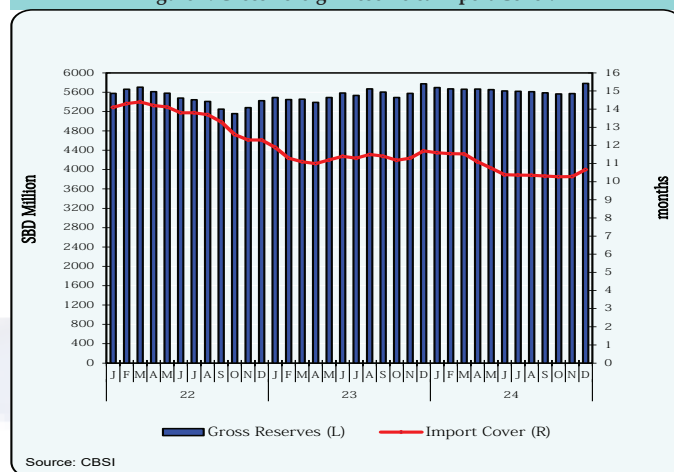
Remittances

In December 2024, the remittances processed through money transfer operators recorded an inward receipt of \$34 million against an outward payment of \$11 million. As a result, the net remittance posted a surplus of \$23 million.

Gross Foreign Reserves

Gross foreign reserves grew by 4% to \$5,781 in December 2024, due to large donor inflows. This level of reserves is sufficient to cover 10.7 months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



Exchange Rate

The Solomon Islands dollar further depreciated against the United States dollar by 0.67% to an average of \$8.46 per USD in December 2024. Conversely, the SBD

appreciated against the Australian dollar by 2.20% to \$5.37 per AUD and the New Zealand dollar 1.88% to \$4.88 per NZD. Likewise, the SBD strengthened against the British pound and Euro but weakened against the Japanese Yen. As a result of these mixed movements of SBD against trading currencies, the trade-weighted index (TWI) weakened by 0.63% to 114.9 points.

II: GOVERNMENT FINANCE

The government’s operating balance recorded a larger deficit of \$138 million in December 2024, up from an \$11 million deficit in November. This reflected a substantial increase in expenditure, despite a rise in revenue during the month. Total expenditure expanded to \$568 million from \$289 million, driven by higher payroll payments and purchases of goods and services. Similarly, total revenue improved to \$431 million from \$278 million, stemmed from both tax and non-tax receipts.

The government’s debt stock grew by 2% to \$3,225 million at the end of December 2024, primarily due to additional loan disbursement from multilateral creditors. As a result, external debt rose by 5%, reaching \$2,041 million, whilst domestic debt decreased by 1.4% to \$1,184 million, attributed to debt repayments during the period. Debt servicing in December totaled \$101 million, consisted of \$91 million in principal repayments and \$10 million in interest payments.

IV: DOMESTIC ECONOMY

The monthly production index declined by 27 points to a preliminary index of 127 in December 2024. This downturn was primarily attributed to weak performances in logging (-15 points), agriculture cash crops (-8 points), and fishing (-5 points), which outweighed gains in mining (+2 points). Actual production data revealed significant declines in round logs which fell by 25% to 131,000 cubic meters, and coconut oil dropped by 18% to 523 tons. On the other hand, minerals rose by 11% to 6,959 gold equivalent ounces, copra surged by 68% to 580 tons, and cocoa increased by 59% to 264 tons.

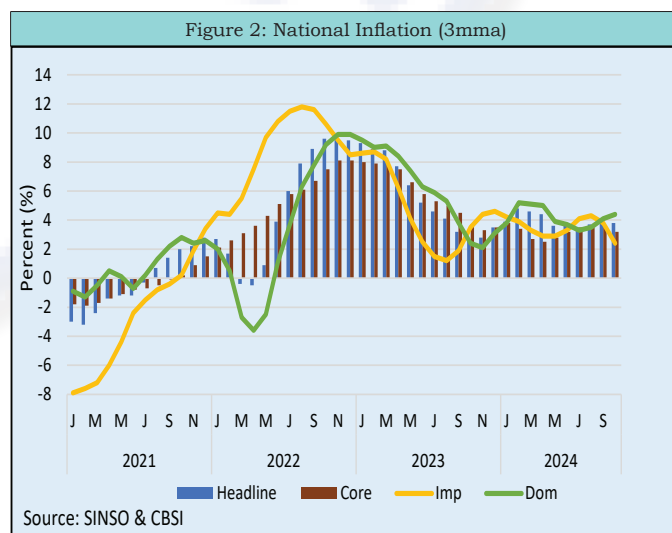
The commodity price index remained unchanged at an index of 93.8, the same as in the previous month. Cocoa prices experienced a significant surge of 31%, reaching US\$10,320 per ton. Coconut oil increased by 5% to US\$1,973 per ton, while palm oil edge up by 2%

to US\$1,190 per ton. Conversely, fish prices declined by 1% to US\$1,346 per ton. Round logs dropped by 0.3% to US\$193 per cubic meter, timber fell by 1% to US\$689 per cubic meter, and gold prices saw a slight decrease of 0.1% to US\$2,648 per ounce.

Consumer Price Index, Inflation (YoY - 3mma)

The Consumer Price Index (CPI) rose to 129.6 in November 2024, up from 126.4 in October, primarily driven by a surge in betelnut prices, a highly volatile consumer item. This increase more than offset declines in prices for fruits, vegetables, electricity, gas, and solid fuels.

Headline inflation rose to 4.3% from 3.8% in the previous month. The rise in inflation was largely attributed to domestic inflation climbing by 1 percentage points (pp) to 5.4%. In contrast, imported inflation declined by 0.8 pp to 1.6%. Meanwhile, core inflation eased by 0.5 pp to 2.7%, indicating a moderation in underlying price pressures within the economy.



CBSI Monthly Price Index (MPI)

The CBSI MPI for selected consumption items rose from 118.7 points to 128.2 points in December 2024, driven by betelnut and fuel prices. The price of betelnuts doubled to \$4.04 per nut, while fuel prices rose by 19 cents to \$10.01 per litre. Meanwhile, the electricity tariff for households remained unchanged at \$7.53 per kWh during the reviewed period. In contrast, the price of a 40lb bag of Solrice declined by \$3.60 to \$160.20, and LP gas prices fell by \$11.04 to \$18.27 per kilogram.

Solomon Islands Key Economic Indicators

		Jul 24	Aug 24	Sep 24	Oct 24	Nov 24	Dec 24
Consumer price index (%)	Headline (3mma)	3.5	3.7	4.0	3.8	4.3	n.a
	Underlying (3mma): core 3	3.5	3.5	3.6	3.2	2.7	n.a
	Headline (MoM)	0.6	0.7	0.4	-0.1	2.5	n.a
CBSI MPI (weighted Index)	Month- on - Month	115	118	118	120	119	128
Production Index	Index	90	108	137	102	154	127
Trade¹ (eop)	Exports (\$ millions)	366	396	334	367	513	394
	Imports (\$ millions)	478	616	408	498	513	433
	Trade Balance (\$ millions)	-113	-220	-75	131	0	-39
Exchange Rates (Mid-rate, Monthly average)	SBD per USD	8.46	8.47	8.35	8.35	8.40	8.46
	SBD per AUD	5.64	5.62	5.65	5.61	5.49	5.37
	SBD per NZD	5.10	5.41	5.20	5.09	4.97	4.88
	SBD per GBP	10.87	10.95	11.03	10.91	10.72	10.70
	SBD per 100 JPY	5.35	5.79	5.83	5.58	5.47	5.52
	SBD per EUR	9.17	9.32	9.27	9.11	8.95	8.87
	SBD Currency Basket Index	114.8	114.5	113.1	113.4	114.1	114.9
Gross Foreign Reserves (eop)	\$ milions	5,618	5,612	5,586	5,566	5,572	5,781
Liquidity² (eop)	Free Liquidity (\$ millions)	2,617	2,576	2,485	2,591	2,582	2,673
Money and credit² (eop)	Narrow Money, M1 (\$ millions)	4,968	4,959	4,906	4,938	5,039	5,066
	Broad Money, M3 (\$ millions)	5,899	5,898	5,876	5,918	6,011	6,067
	Private Sector credit (\$ millions)	2,774	2,780	2,814	2,841	2,865	2,846
Interest Rates (weighted average yield)	28-days Bokolo Bills rate (%)	0.26	0.29	0.29	0.30	0.34	0.35
	91- days Treasury Bills rate (%)	1.13	1.12	1.12	1.14	1.15	1.15
	182-days Treasury Bills rate (%)	2.41	2.42	2.41	2.40	2.41	2.41
	365-days Treasury Bills rate (%)	2.61	2.62	2.61	2.59	2.60	2.61
Government Finance	Revenue (\$ millions)	310	212	313	291	278	431
	Expenditure (\$ millions)	347	248	244	380	289	568
	Fiscal Balance (\$ millions)	-37	-36	69	-89	-11	-138
	SIG Debt stock (eop) (\$ millions)	2,912	2,931	2,934	3,067	3,150	3,225
Global Commodity Prices (monthly averages)	CBSI Commodity Price Index	85.7	89.9	91.4	92.7	93.8	93.8
	Round logs - (US\$/m3)	189	204	208	199	194	193
	Gold - (US\$/oz)	2,398	2,470	2,571	2,690	2,651	2,648
	Palm Oil - (US\$/tonne)	896	933	983	1,077	1,169	1,190
	Fish - (US\$/tonne)	1,366	1,500	1,342	1,311	1,355	1,346
	Coconut oil - (US\$/tonne)	1,474	1,619	1,736	1,728	1,879	1,973
	Cocoa - (US\$/tonne)	7,090	6,880	6,520	6,660	7,890	10,320
	Timber - (US\$/m3)	701	705	720	712	694	689

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.