

Monthly Economic Bulletin

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I. MONETARY DEVELOPMENTS

Money supply (M3) dropped slightly in January 2025 by 0.2% to \$6,054 million, following a 1% increase in the prior month. This was driven by a 2% decline in Other deposits (time and saving) to \$979 million, outweighing a modest increase in narrow money (M1) by 0.2% to \$5,075 million.

Net foreign assets (NFA) of the banking system expanded by 1% to \$5,363 million, driven by a 1% growth in the Central Bank's NFA to \$5,370 million. In contrast, the NFA of other depository corporations (ODCs) narrowed from \$15 million in December 2024 to minus \$7 million in January 2025.

Credit to private sector (PSC) edged lower by 0.2% to \$2,839 million in January. Similarly, net credit to the government (NCG) fell by 2% to minus \$638 million, reflecting the overall drawdown of government deposits from the banking system during the month.

Free liquidity in the banking system declined by 5% in January to \$2,534 million, reflecting a decline in call account deposits held at the CBSI. The minimum required reserve stood at \$309 million in January.

Domestic Market Operations

The stock of the CBSI's Bokolo Bills stood at \$343 million in January 2025. The weighted average yield (WAY) for Bokolo Bills declined to 0.32% from 0.35% in the prior month. Meanwhile, treasury bills (T-Bills) tendered during the month reached \$22 million, albeit only \$15 million was absorbed. The T-bills WAY for 91, 182 and 365 days remained unchanged from December 2024 at 1.15%, 2.41 and 2.61% respectively.

II. EXTERNAL CONDITIONS

Trade in Goods

The balance of trade in goods recorded a surplus of \$160 million in January 2025, compared to a \$39 million deficit in the previous month. This favourable outcome resulted from a 27% increase in exports to \$498 million, combined with a 22% decline in imports to \$338 million during the month. The growth in exports was primarily driven by increases in round log and palm

oil exports. Meanwhile, the decline in imports reflected lower imports of fuels and machinery.

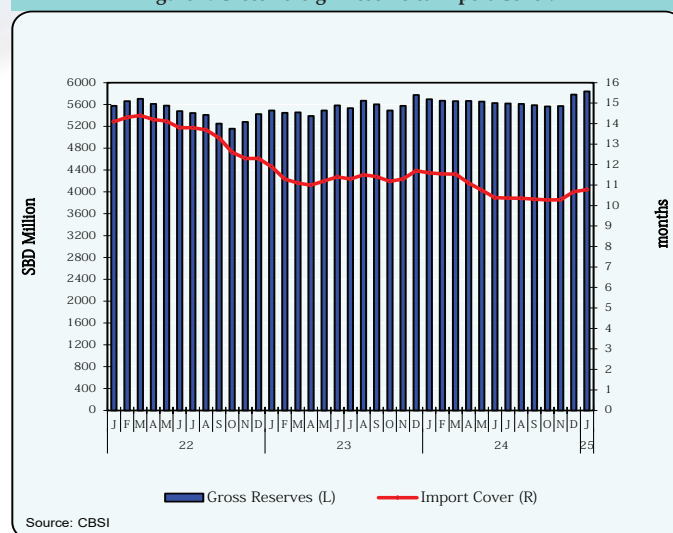
Remittances

During the month, inward remittances processed through money transfer operators totalled \$30 million, compared to outward payments of \$12 million. Consequently, a net remittance surplus of \$18 million was recorded in January 2025.

Gross Foreign Reserves

In January 2025, gross foreign reserves increased by 1% to \$5,840 million due to revaluation gains. This level of reserves is sufficient to cover 10.8 months of imports of goods and services.

Figure 1: Gross Foreign Reserve & Import Cover.



Exchange Rates

The Solomon Islands dollar depreciated against the United States dollar by 0.47% to an average of \$8.50 per USD, during the month. In contrast, the SBD appreciated against both the Australian dollar and the New Zealand dollar by 1.53% to \$5.29 per AUD and 1.96% to \$4.78 per NZD, respectively. Similarly, the SBD appreciated against the British pound, Japanese yen, and the Euro. Following mixed movements within the currency basket, the trade-weighted index (TWI) weakened by 0.51% to 115.4 points.

¹ Free liquidity is total liquidity excluding the minimum required reserves

II: GOVERNMENT FINANCE

The Government recorded a provisional operating surplus of \$78 million in January 2025, reversing the \$138 million deficit in the previous month. This improvement was driven by a 62% decline in total expenditure to \$217 million, reflecting lower payroll costs and spending on goods and services. However, total revenue contracted by 31% to \$295 million, attributed to declines in both tax and non-tax receipts.

The Government’s total debt stock declined marginally by 0.3% to \$3,215 million by end of January 2025, primarily due to debt servicing during the month. Domestic debt fell by 1% to \$1,172 million, while external debt edged up by 0.1% to \$2,043 million, reflecting additional loan disbursements. Debt servicing totaled \$38.4 million, comprising \$36.6 million in principal repayments and \$1.8 million in interest payments.

IV: DOMESTIC ECONOMY

The monthly production index rose by 14 points to a preliminary index of 135 in January 2025, driven by strong performances in logging and mining. Logging surged by 22 points, while mining increased by 2 points, outweighing a 10-points decline in agriculture cash crops. Actual round log production soared by 49% to 195,920 cubic meters, while mineral output increased by 10% to 7,633 gold equivalent ounces. In contrast, provisional figures for agricultural commodities revealed significant declines, with copra falling by 80% to 231 tons, cocoa down by 39% to 90 tons, and coconut oil declining by 27% to 313 tons.

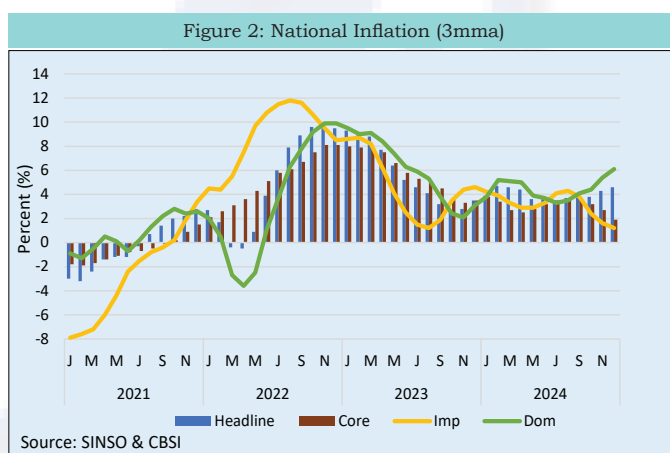
The commodity price index edged down by 0.1 points to 95.8 in January 2025. Prices for palm oil fell by 10% to US\$1,070 per ton, while round logs and timber declined by 2% to US\$190 per cubic meter and US\$673 per cubic meter, respectively. In contrast, cocoa prices rose by 4% to US\$10,750 per ton, gold increased by 2% to US\$2,710 per ounce, and coconut oil inched

up by 1% to US\$2,002 per ton. Fish prices remained unchanged at US\$1,346 per ton.

Consumer Price Index, Inflation (YoY - 3mma)

The Consumer Price Index (CPI) rose to 130.4 in December 2024, up from 129.6 in November 2024, mainly due to higher betelnut and vegetable prices, which offset lower prices for fruits, electricity, and solid fuels.

Headline inflation rose to 4.6% in December, up from 4.3% in the preceding month, driven by a 0.7 percentage points (pp) increase in domestic inflation to 6.1%, while imported inflation eased by 0.4 pp to 1.2%. Meanwhile, core inflation continued to ease, falling by 0.8 pp to 1.9%.



CBSI Monthly Price Index (MPI)

The CBSI MPI for selected consumption items declined to 123.8 points in January 2025, down from 125.8 points, reflecting lower prices for betelnut, electricity, and rice. The price of betelnut fell by 4 cents to \$4.00 per nut, while household electricity tariff dropped by 68 cents to \$6.25 per kWh. Similarly, a 40lb bag of Solrice fell by \$1.80 to \$158.40. In contrast, fuel prices increased by 20 cents to \$10.01 per litre, while LP gas prices remained stable at \$18.27 per kilogram during the review period.

Solomon Islands Key Economic Indicators

		Aug 24	Sep 24	Oct 24	Nov 24	Dec 24	Jan 25
Consumer price index (%)	Headline inflation (3mma)	3.7	4.0	3.8	4.3	4.6	n.a
	Underlying inflation (3mma): core 3	3.5	3.6	3.2	2.7	1.9	n.a
	Headline inflation(MoM)	0.7	0.4	-0.1	2.5	0.6	n.a
CBSI MPI (weighted Index)	Month- on - Month	118	118	120	118	126	124
Production Index	Index	116	124	114	142	121	135
Trade¹ (eop)	Exports (\$ millions)	396	334	367	513	394	498
	Imports (\$ millions)	616	408	498	513	433	338
	Trade Balance (\$ millions)	-220	-75	131	0	-39	160
Exchange Rates (Mid-rate, Monthly average)	SBD per USD	8.47	8.35	8.35	8.40	8.46	8.50
	SBD per AUD	5.62	5.65	5.61	5.49	5.37	5.29
	SBD per NZD	5.41	5.20	5.09	4.97	4.88	4.78
	SBD per GBP	10.95	11.03	10.91	10.72	10.70	10.63
	SBD per 100 JPY	5.79	5.83	5.58	5.47	5.52	5.43
	SBD per EUR	9.32	9.27	9.11	8.95	8.87	8.80
	SBD Currency Basket Index	114.5	113.1	113.4	114.1	114.9	115.4
Gross Foreign Reserves(eop)	\$ milions	5,612	5,586	5,566	5,572	5,781	5,840
Liquidity² (eop)	Free Liquidity (\$ millions)	2,576	2,485	2,591	2,582	2,673	2,534
Money and credit² (eop)	Narrow Money, M1 (\$ millions)	4,959	4,906	4,938	5,039	5,067	5,075
	Broad Money, M3 (\$ millions)	5,898	5,876	5,918	6,011	6,067	6,054
	Private Sector credit (\$ millions)	2,780	2,814	2,841	2,865	2,846	2,839
Interest Rates (weighted average yield)	28-days Bokolo Bills rate (%)	0.29	0.29	0.30	0.34	0.35	0.32
	91- days Treasury Bills rate (%)	1.12	1.12	1.14	1.15	1.15	1.15
	182-days Treasury Bills rate (%)	2.42	2.41	2.40	2.41	2.41	2.41
	365-days Treasury Bills rate (%)	2.62	2.61	2.59	2.60	2.61	2.61
Government Finance	Revenue (\$ millions)	212	313	291	278	431	295
	Expenditure (\$ millions)	248	244	380	289	568	217
	Fiscal Balance (\$ millions)	-36	69	-89	-11	-138	78
	SIG Debt stock (eop) (\$ millions)	2,931	2,934	3,067	3,150	3,225	3,215
Global Commodity Prices (monthly averages)	CBSI Commodity Price Index	89.9	91.4	92.7	93.8	95.9	95.8
	Round logs - (US\$/m3)	204	208	199	194	193	190
	Gold - (US\$/oz)	2,470	2,571	2,690	2,651	2,648	2,710
	Palm Oil - (US\$/tonne)	933	983	1,077	1,169	1,190	1,070
	Fish - (US\$/tonne)	1,500	1,342	1,311	1,355	1,346	1,346
	Coconut oil - (US\$/tonne)	1,619	1,736	1,728	1,879	1,973	2,002
	Cocoa - (US\$/tonne)	6,880	6,520	6,660	7,890	10,320	10,750
	Timber - (US\$/m3)	705	720	712	694	689	673

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.