



CENTRAL BANK of SOLOMON ISLANDS

P.O. BOX 634, Honiara, Solomon Islands

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Thursday 20th March 2025

CENTRAL BANK OF SOLOMON ISLANDS MAINTAINS ACCOMMODATIVE MONETARY POLICY STANCE

At its meeting on 20th March 2025, the Board of the Central Bank of Solomon Islands (CBSI) has decided to maintain an accommodative monetary policy stance for the next six months to support growth while ensuring inflation remains within the desired range. The decision follows a careful assessment of both global and domestic economic conditions and outlook.

The global economy remains resilient, with global growth projected at 3.3% in 2025. Global inflation is easing, supported by lower commodity prices and cooling labour markets. However, ongoing geopolitical risks and the recent U.S. trade policies continue to pose challenges to the outlook.

On the domestic front, economic activity showed mixed performance in the latter half of 2024. Growth slowed to 2.8% in 2024, slightly below earlier projections, as weaker agricultural output offset gains in fishing, mining, construction, and retail trade. Looking ahead, the economy is expected to expand moderately at 2.7% in 2025, supported by stronger fishing activity and non-forestry sectors, though downside risks remain.

The external sector is expected to slightly improve in 2025, with a moderate rise in foreign reserves. Meanwhile the government's planned expansionary fiscal policy in 2025 is aimed at accelerating public investment and improving service delivery. In line with the external and fiscal outlook, monetary aggregates are projected to grow, helping to sustain overall economic activity.

Headline inflation rose to 5.0% in January 2025, up from 3.7% in June 2024, driven by rising domestic prices for volatile items, mainly betel nut, fresh fruits and vegetable reflecting supply constraints. Core inflation, which excludes volatile food and energy prices, eased to 1.1% in January 2025, signalling weaker domestic demand. The Central Bank expects headline inflation to stay elevated in the first half of 2025 as the current wet weather conditions continue to disrupt food supply chains and exert upward pressure on prices. However, core inflation is projected to remain within 2.5%.

In light of these developments and outlook, CBSI will maintain its accommodative monetary policy stance for the next six months. However, the Bank remains prepared to adjust its policy stance should inflationary pressures or external shocks warrant further action.

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For more information, contact the **Central Bank of Solomon Islands (CBSI) on 21791 or**

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About the Central Bank of Solomon Islands:

The Central Bank of Solomon Islands (CBSI) is the nation's premier financial institution, responsible for formulating and implementing monetary policy. CBSI oversees and regulates the country's banking and financial system, ensuring economic stability and growth.