



SOLOMON ISLANDS ECONOMY: An Overview of Recent Economic Performance

Australia Solomon Islands Business Forum

September 3, 2024

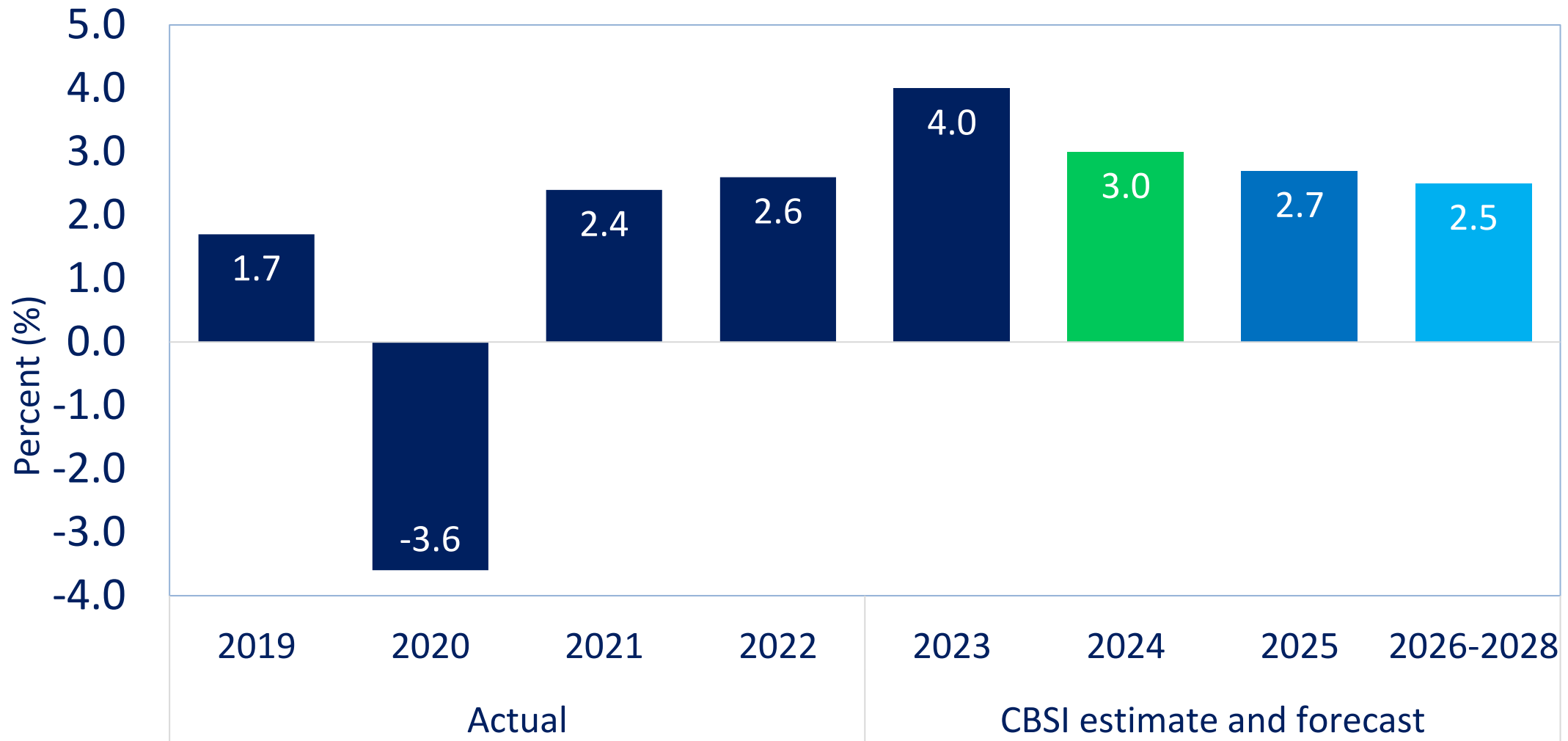
Raynold Moveni
Deputy Governor
Central Bank of Solomon Islands

Outline

- A. State of the Economy
 - Macroeconomic Trends
 - Financial Stability Indicators
- B. Australia and Solomon Islands Trade
- C. Final Remark



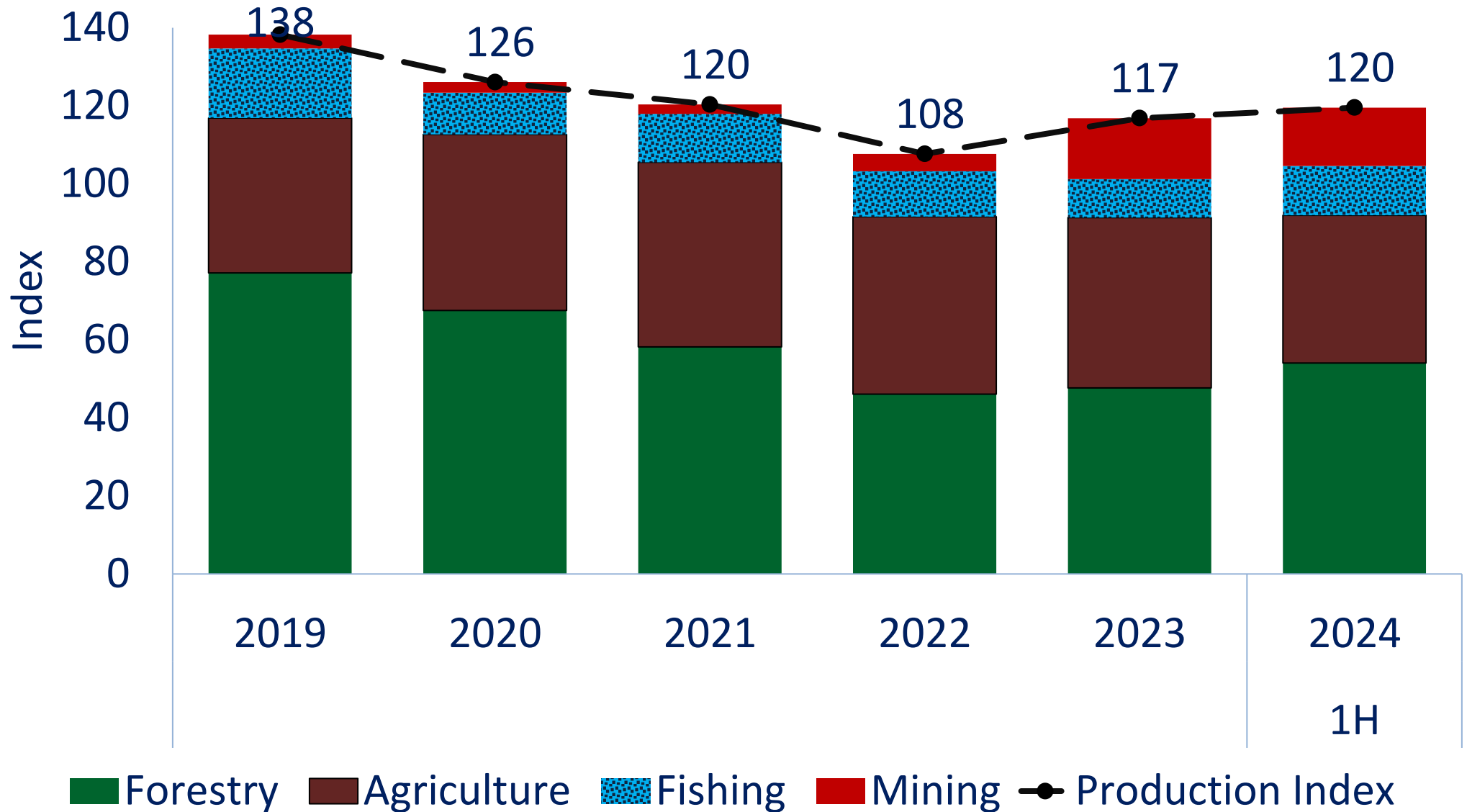
Economic Growth Moderates Over the Medium Term



Source: SINSO and CBSI

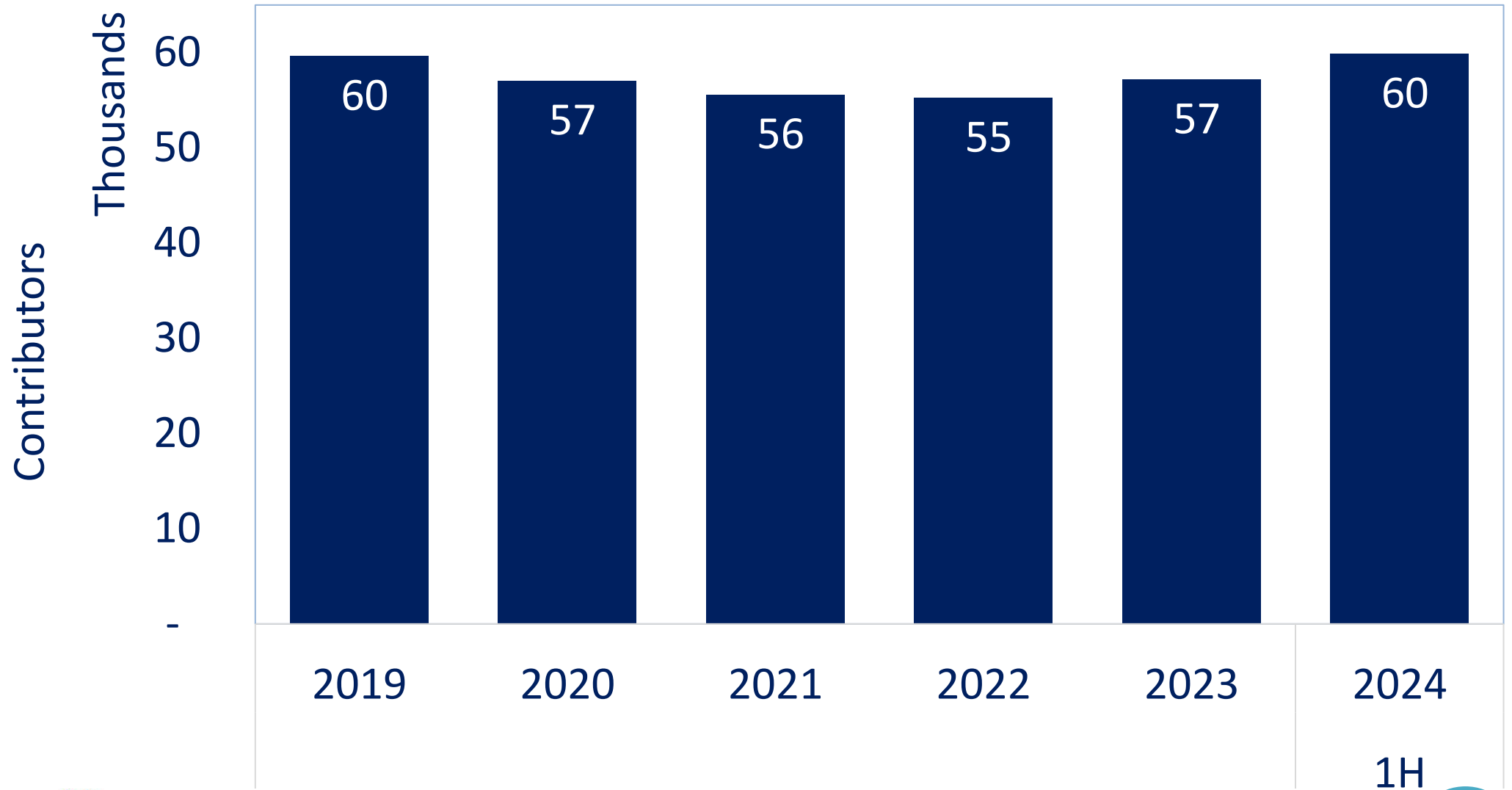


Commodities sector remains upbeat



Source: Customs, CEMA, Industries, and CBSI

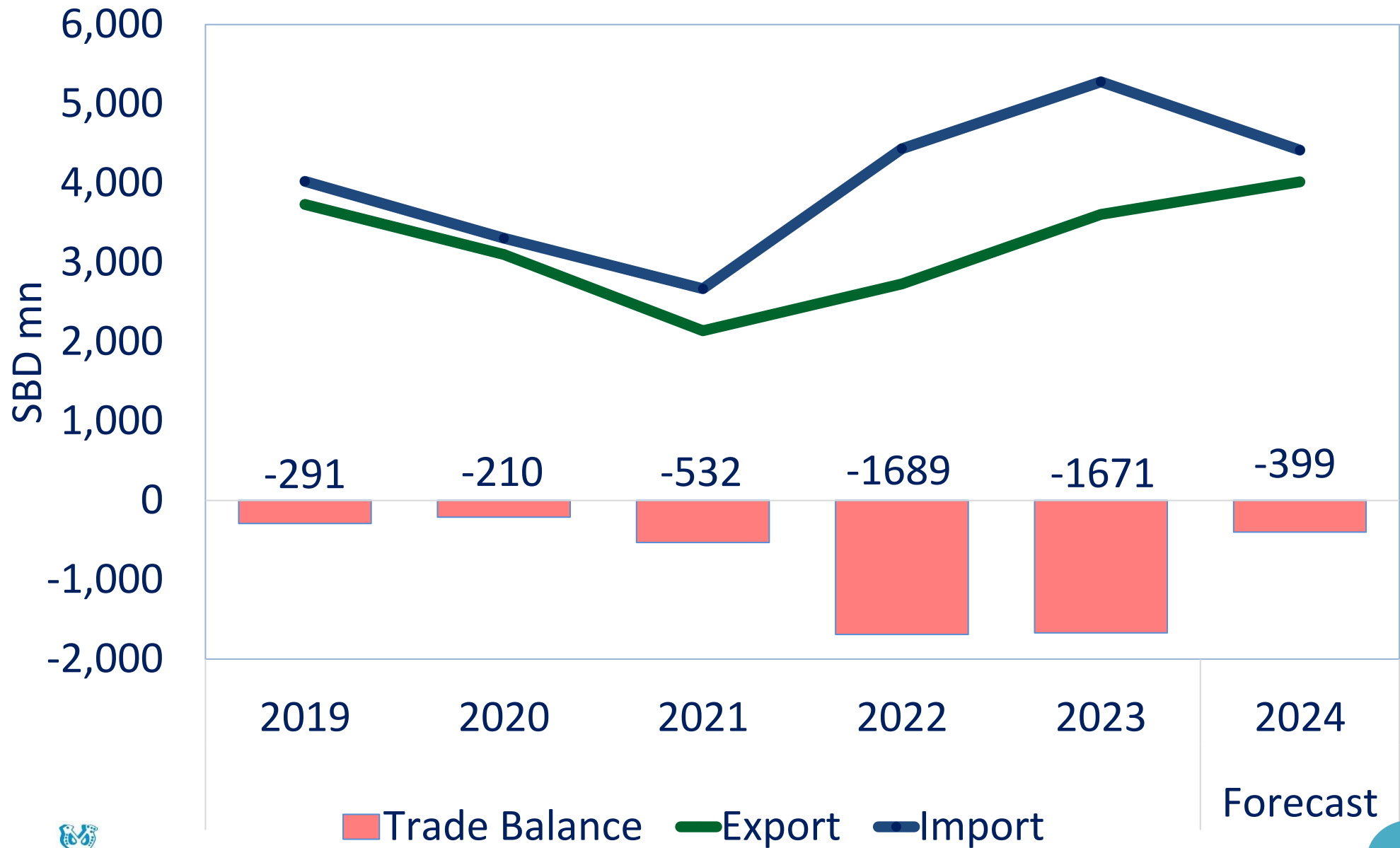
Employment Conditions improved: up 5%



Source: SINPF

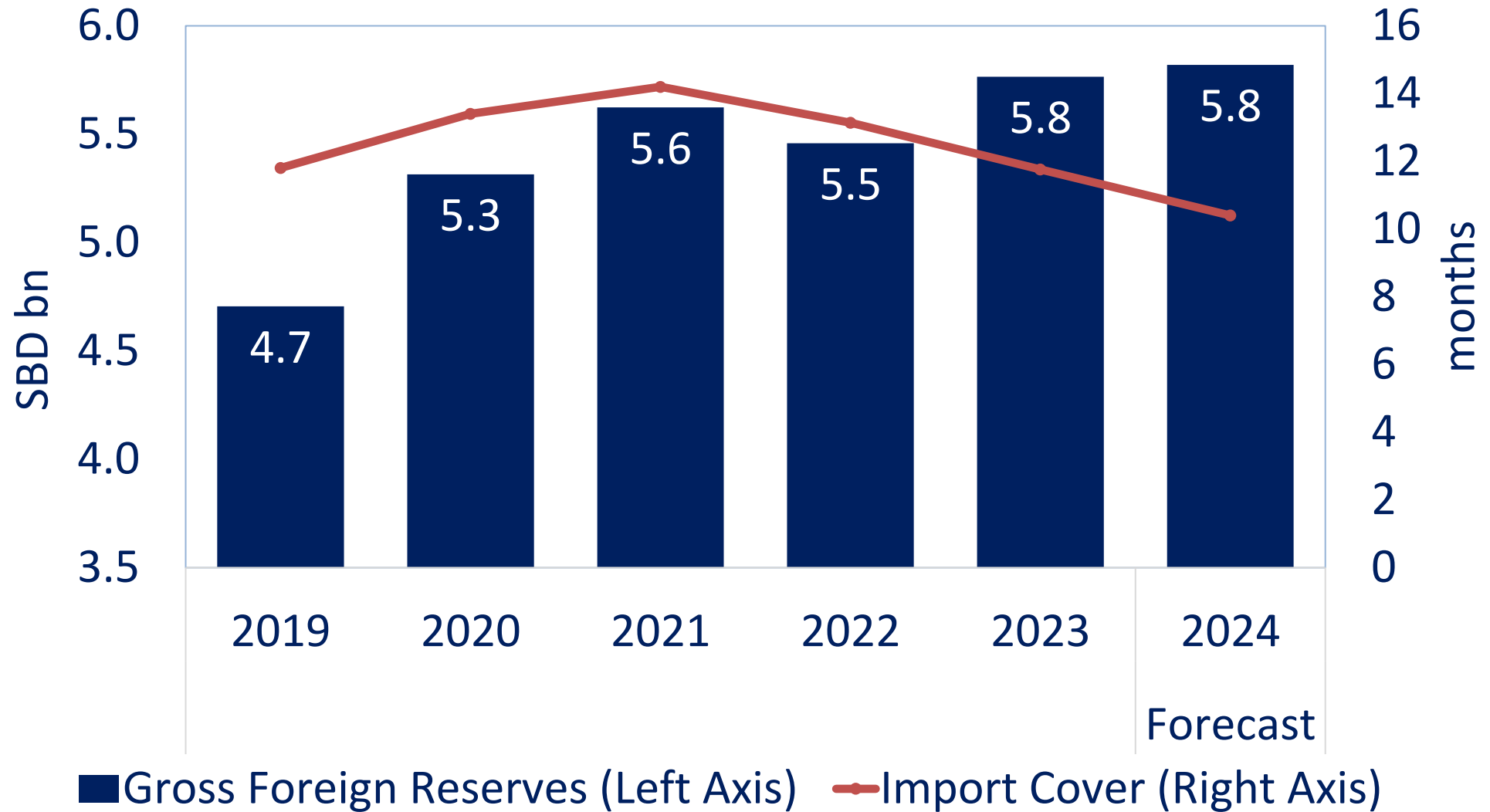


Trade Deficit Remains but Smaller



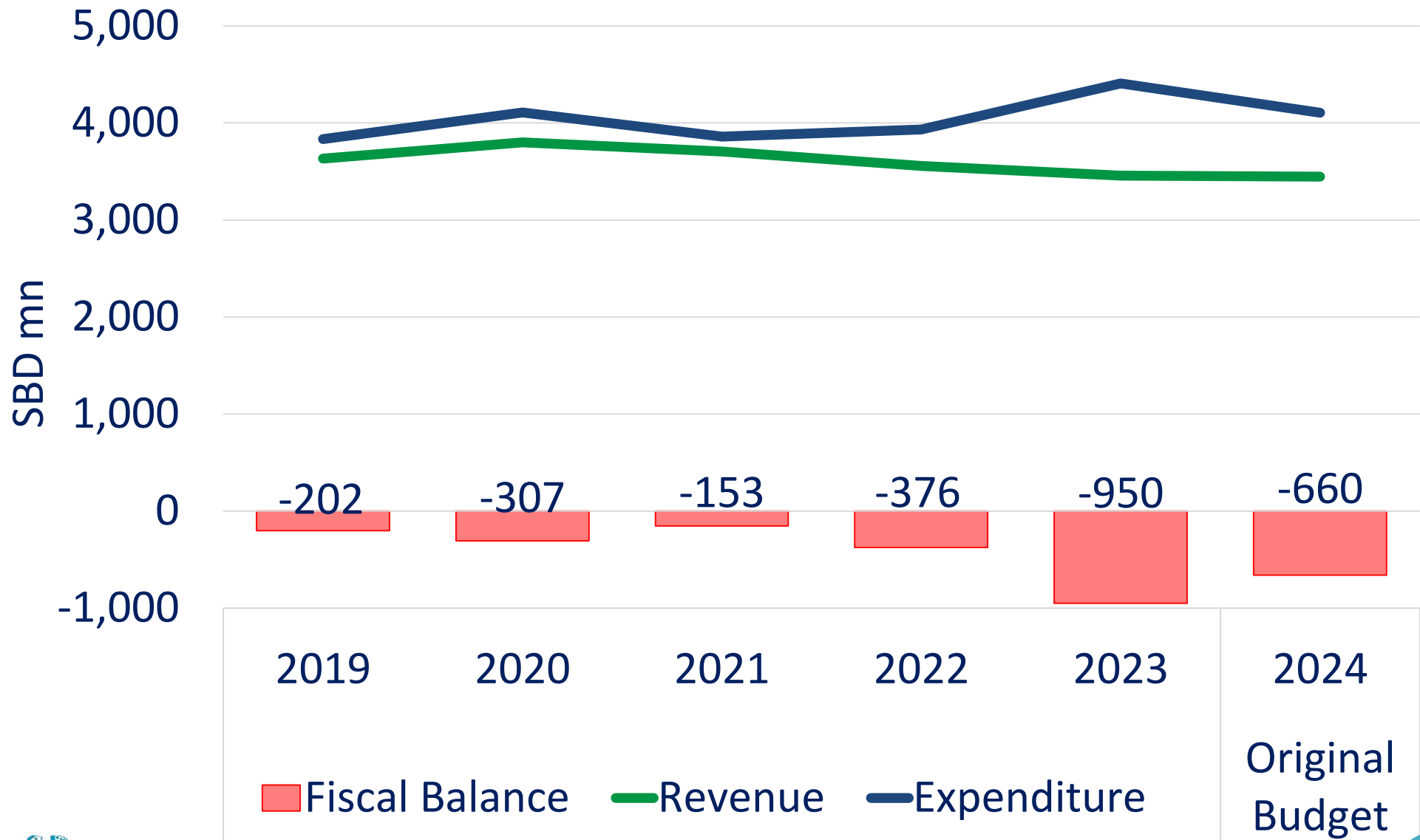
Source: Customs and CBSI

Foreign Reserves declined but remains adequate



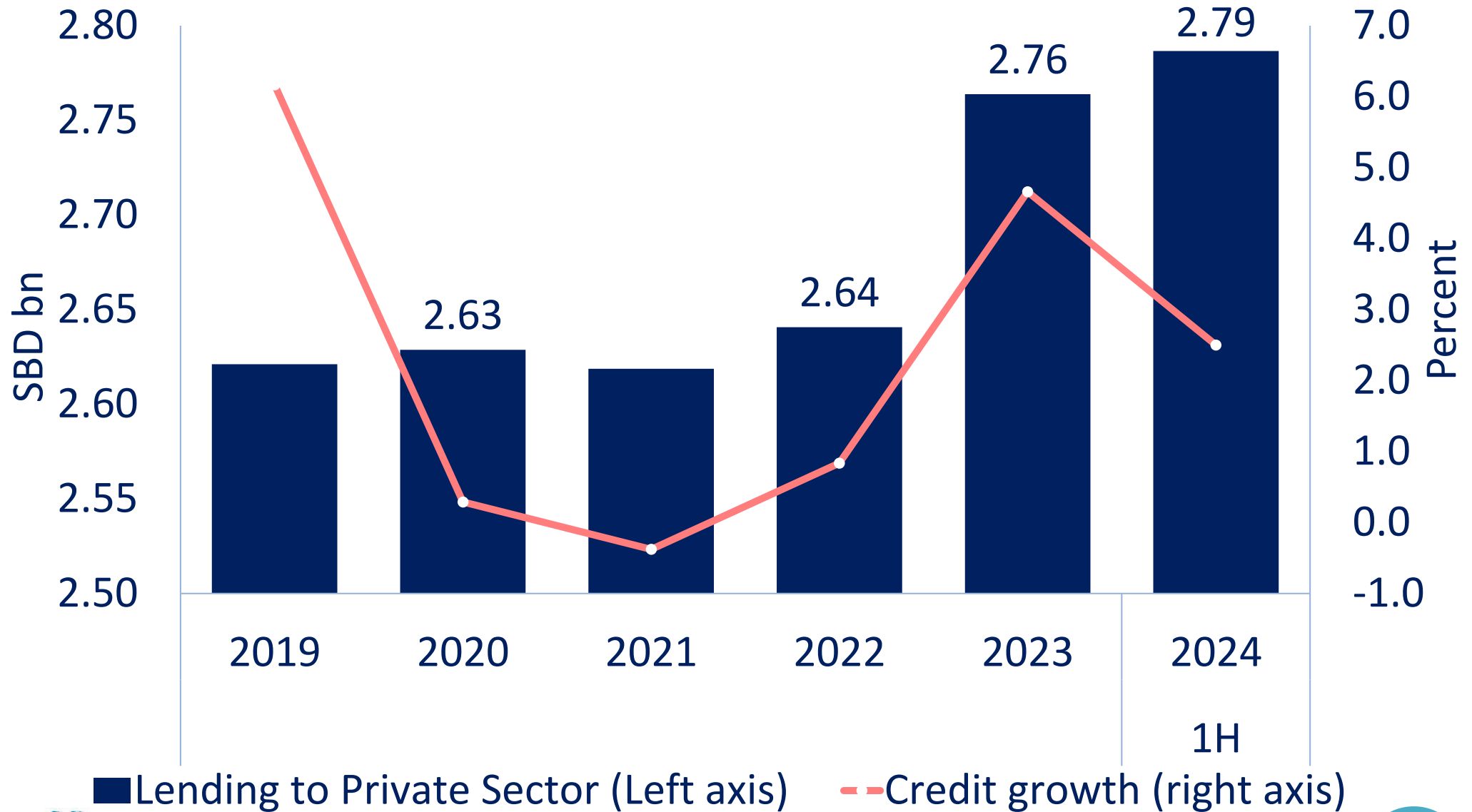
Source: CBSI

Fiscal deficit remains but narrowing in 2024



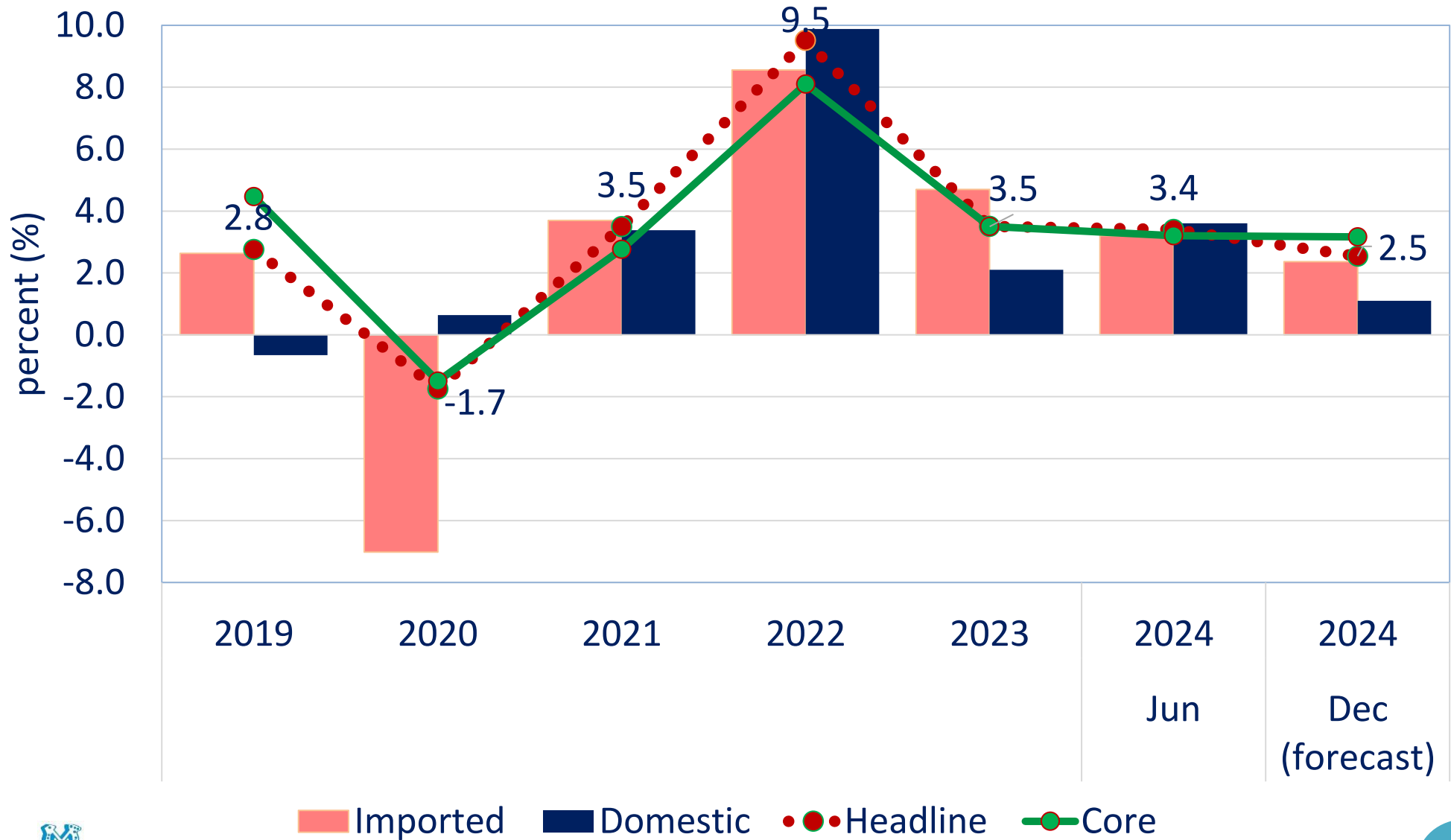
Source: MOFT and CBSI

Lending to Private Sector continues to grow



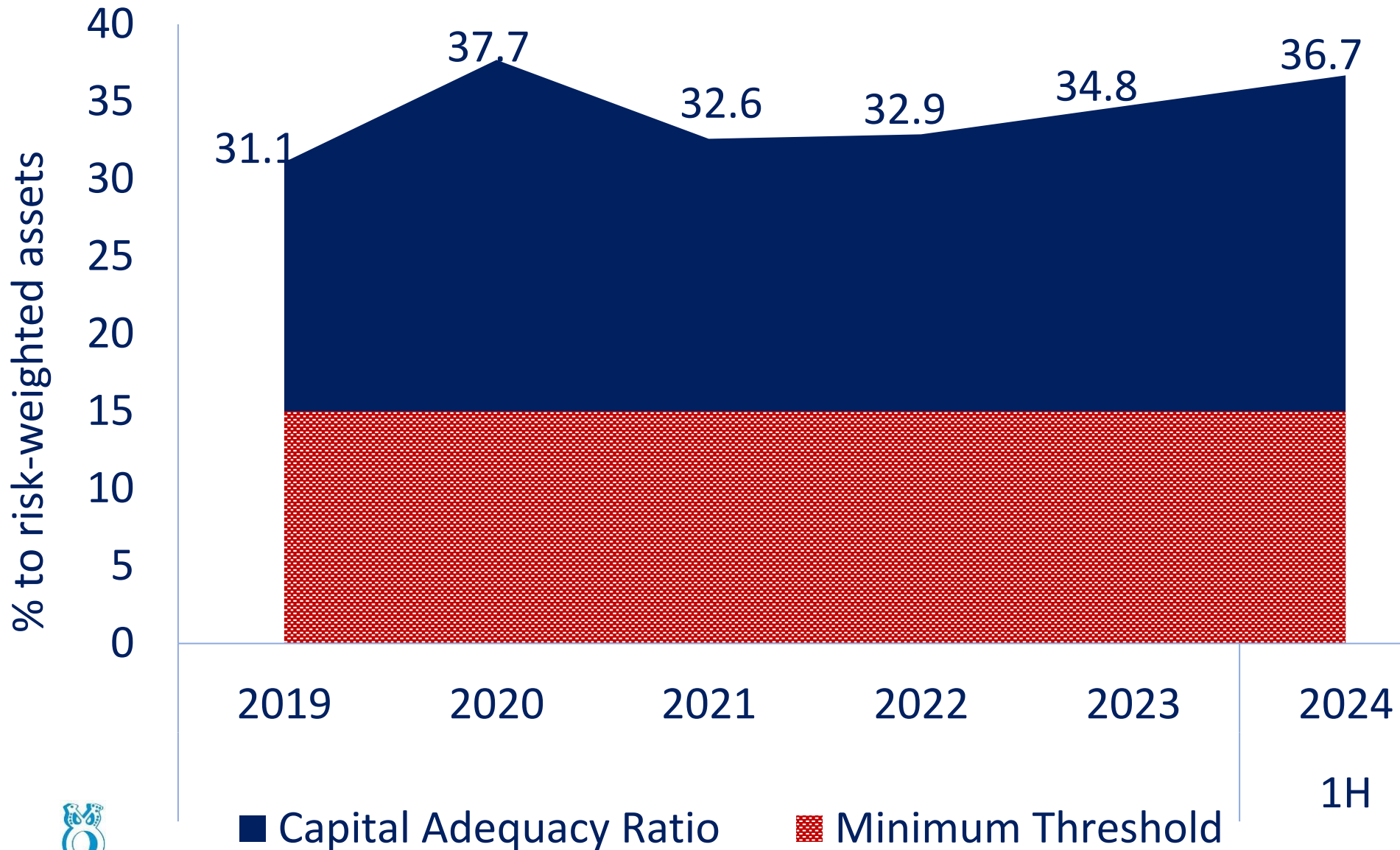
Source: CBSI

Disinflation is underway. Inflation eases in 2024



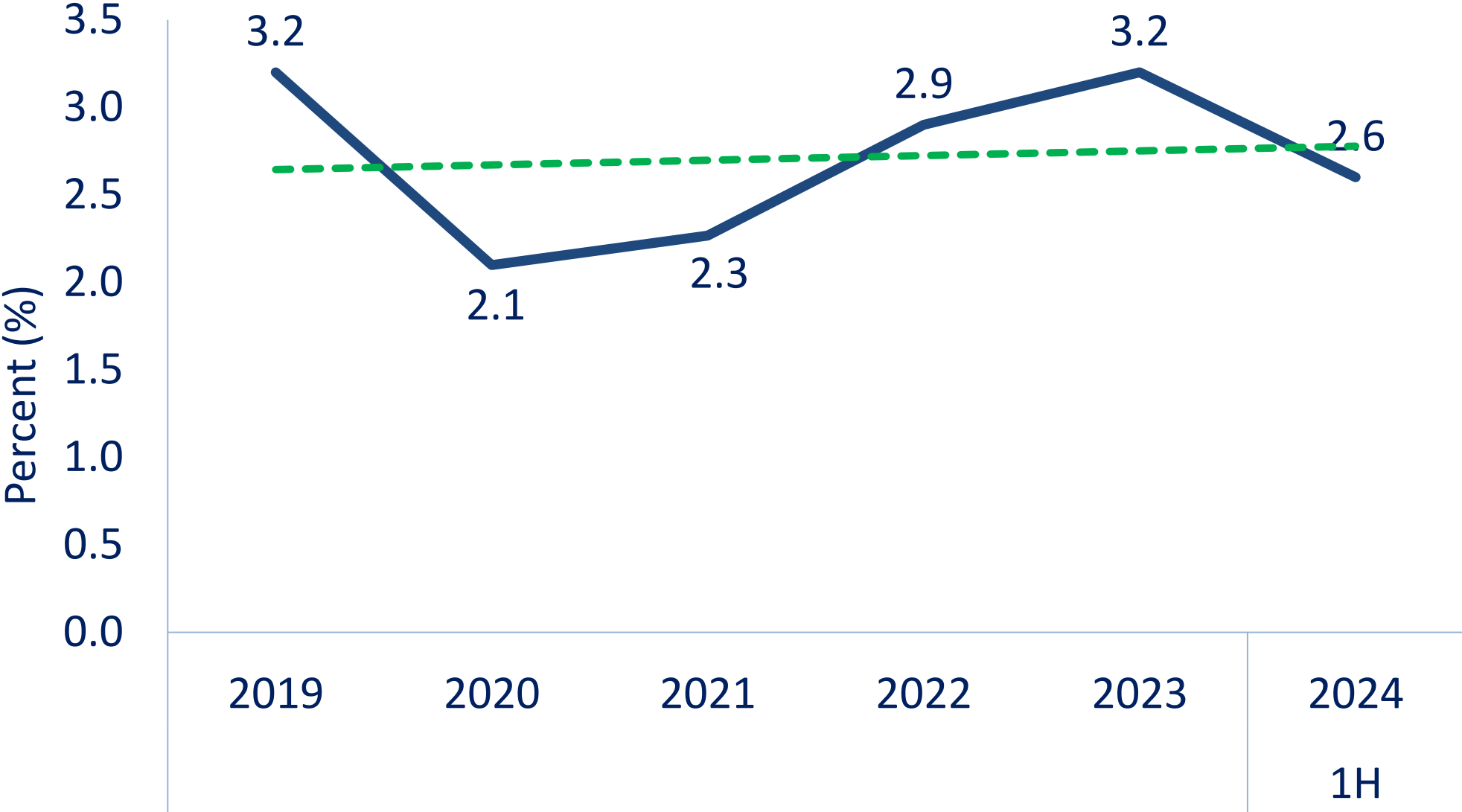
Source: SINSO and CBSI

The banking sector has ample capital to absorb unexpected shocks in the short term.



Source: CBSI

And remains profitable. ROA averages 2.7% since 2019

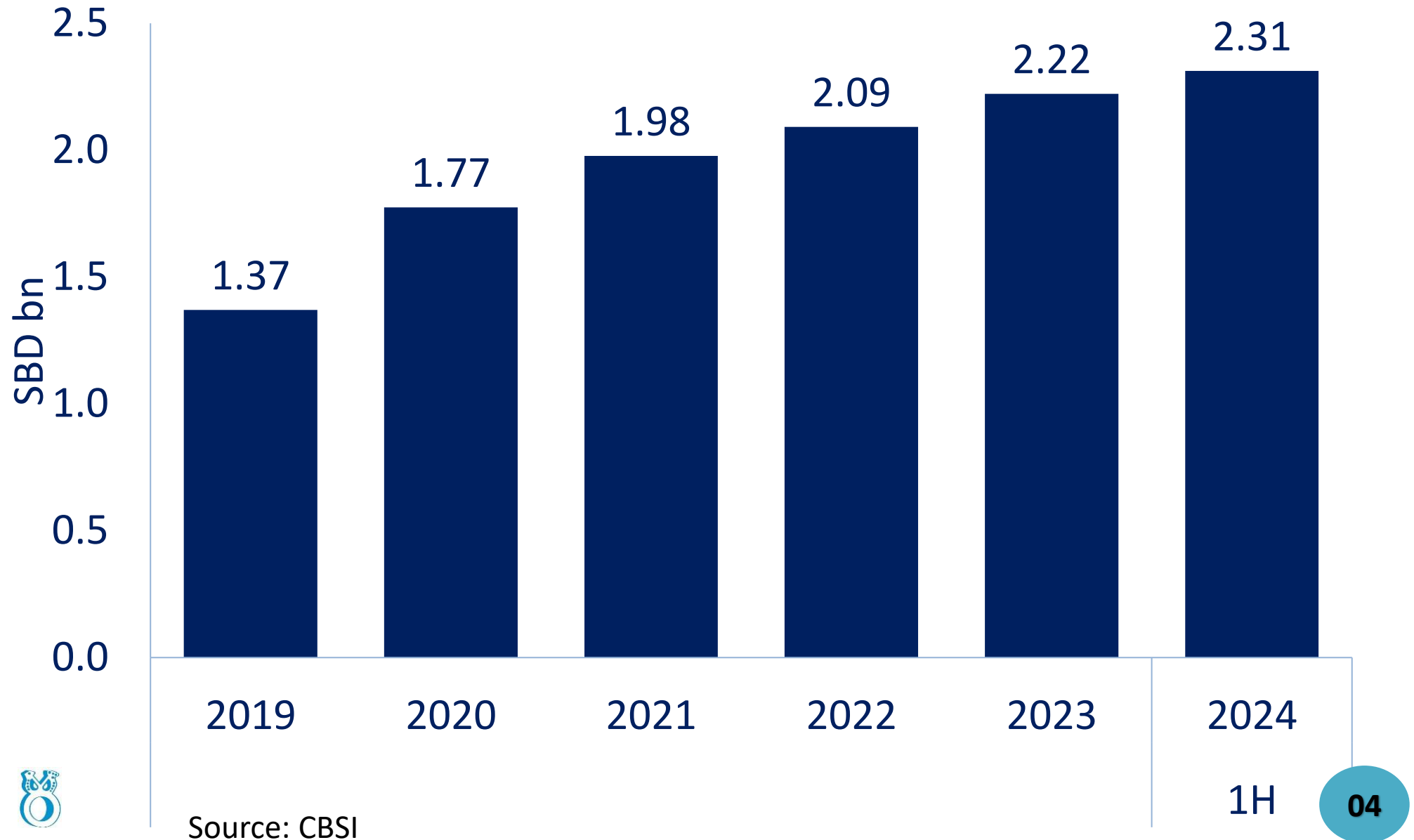


— Return on Assets

- - - Linear (Return on Assets)

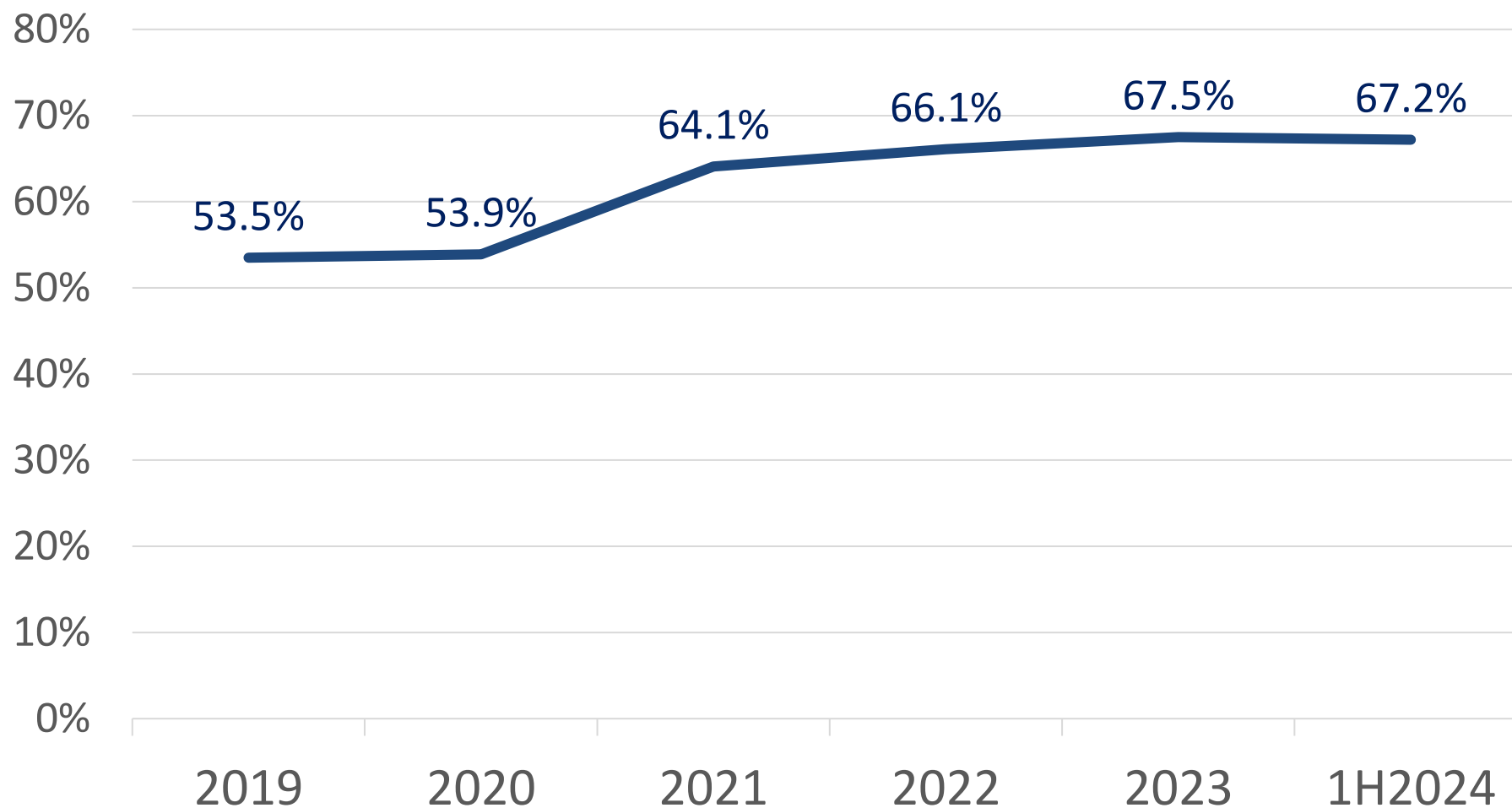
Source: CBSI

The banking sector also has enough liquidity to support credit to private sector



And sufficient liquidity to meeting short-term obligations

Liquid Assets to Short Term Liabilities



Source: CBSI

Australia and Solomon Islands Trade in 2023



Trade

Aid

FDI

PALM

FX
Currency

EX: \$496mn
IM: \$783mn

AUD170mn

\$200mn

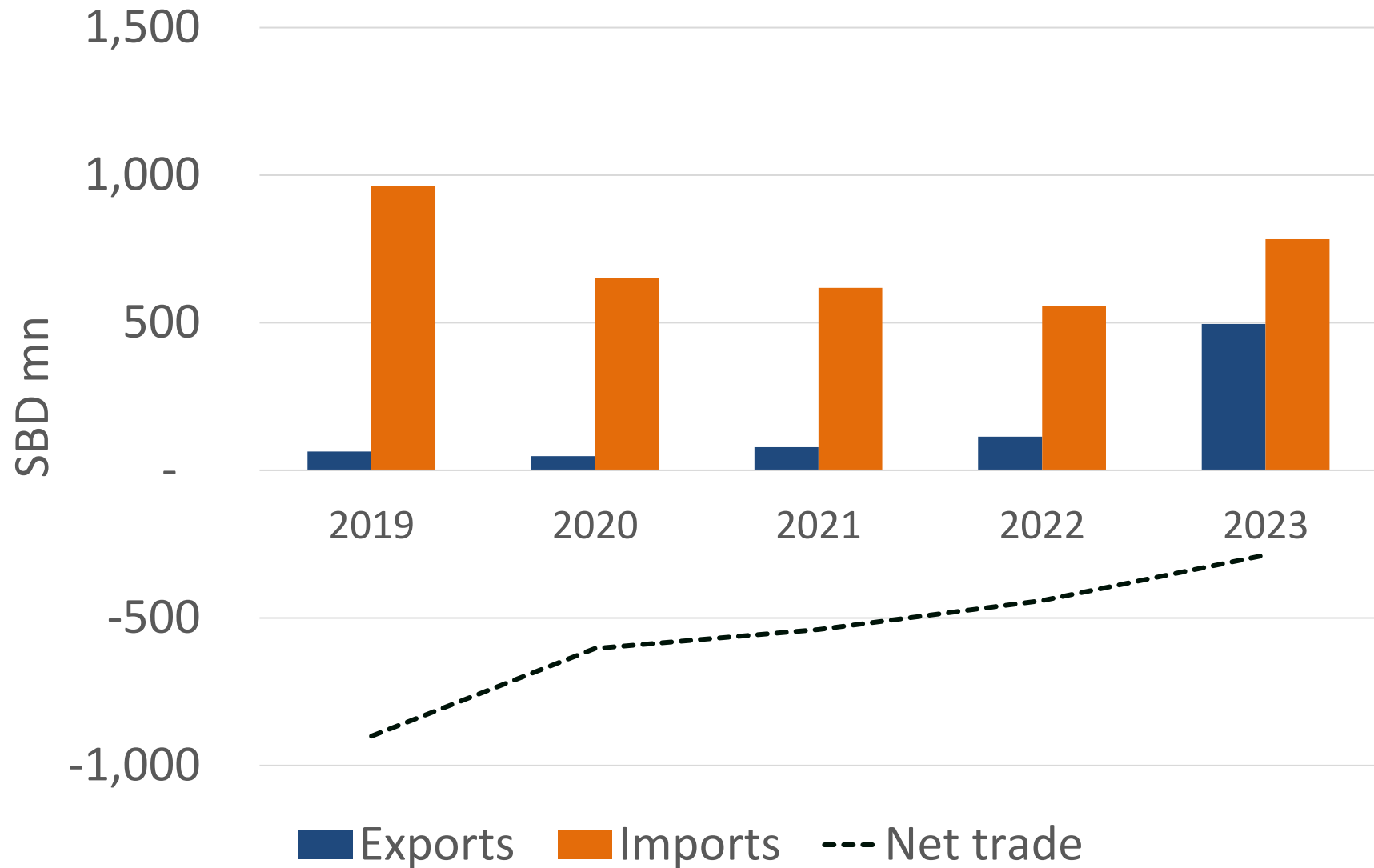
\$247mn

Share 27%
\$1.6bn



Source: Customs, Australia HC, and CBSI

A persistent but improving net trade in goods position



Source: CBSI

Australia and Solomon Islands Trade in 2023



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Source: Customs, Australia HC, and CBSI

Final Remark

- Banking sector remains sound. It is profitable, have adequate capital and ample liquidity to meet their short term obligations and support credit growth and is operating within prudential bounds.
- Australia is a strategic partner in the Pacific region
- Pace of inflation is forecast to ease to 2.5% in December 2024
- Economic growth is projected at 3% in 2024 and 2.5% over medium term



Thank You

Questions & Comments

Get in touch with us:

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Honiara, Solomon Islands**

